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Filed Pursuant to 424(b)(4)
Registration No. 333-187859

PROSPECTUS

3,175,000 Shares

LIQUID HOLDINGS GROUP, INC.

Common Stock

This is our initial public offering and, prior to this offering, there has been no public market for our common stock. We are offering 3,175,000 shares of our common stock.

Our common stock has been approved for listing on the NASDAQ Global Market under the symbol "LIQD."

Brian Ferdinand, one of our founders and Vice Chairman of the Board and Head of Corporate Strategy, and Douglas Von Allmen, a beneficial owner of more than 10% of our common stock, have agreed to purchase an aggregate of $16.2 million of our shares of common stock in this offering at the initial public offering price per share. The shares to be purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, which we refer to as the "direct offering," and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares to be purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally through the underwriter, which we refer to as the "underwritten offering," and together with the direct offering, "this offering."

After the completion of this offering, our principal stockholders, executive officers and directors will hold 70% of the voting power of all outstanding shares of our common stock.

We are an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 and are eligible for certain reduced public company reporting requirements.

Investing in our common stock involves significant risks. You should carefully read and consider the risk factors described in this prospectus before making a decision to purchase our common stock. See "Risk Factors" beginning on page 15 of this prospectus.

	Per Share	Total
Initial public offering price	$ 9.00	$28,575,000
Underwriting discount[(1)(2)]	$0.585	$ 1,857,375
Proceeds, before expenses, to us	$8.415	$26,717,625

(1) Includes a fee in the same amount as the underwriting discount payable by us to the underwriter in connection with the purchase of shares by Mr. Ferdinand in the direct offering.
(2) See "Underwriting" for disclosure regarding the underwriting discount and certain expenses payable to the underwriter by us.

We have granted the underwriter a 30-day option to purchase up to 464,238 additional shares of our common stock at the initial public offering price, less the underwriting discount, solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the shares of common stock only in book-entry form through the facilities of The Depository Trust Company on or about July 31, 2013, subject to customary closing conditions.

SANDLER O'NEILL + PARTNERS, L.P.

Prospectus dated July 25, 2013

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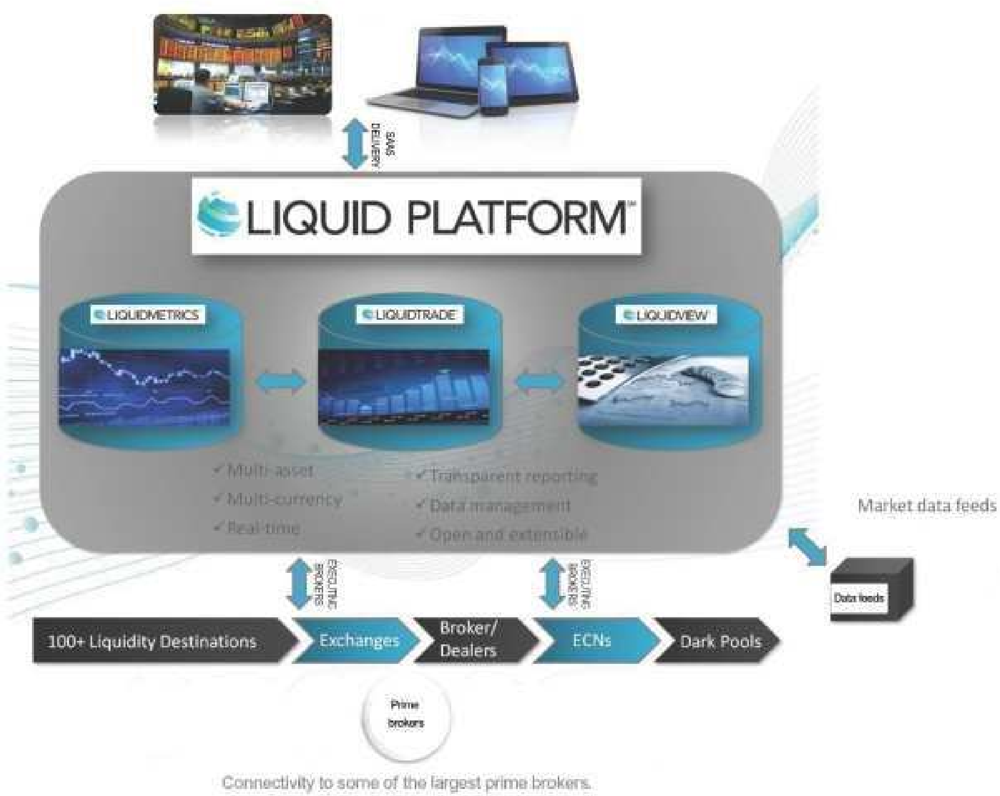

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You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize be delivered to you. We and the underwriter have not authorized anyone to provide you with additional or different information. If anyone provides you with additional or different information, you should not rely on it. We and the underwriter are offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. You should assume that the information in this prospectus is accurate only as of the date on the cover page, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, prospects, financial condition, liquidity and results of operations may have changed since the date of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read the entire prospectus carefully before making an investment decision, including the information presented under the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the notes thereto included elsewhere in this prospectus.

Unless otherwise expressly stated or the context otherwise requires, the terms "we," "us," "our," "Liquid Holdings Group," "LHG" and "Company," refer, prior to the reorganization discussed below, to Liquid Holdings Group, LLC, and, after the reorganization, to Liquid Holdings Group, Inc., in each case including its subsidiaries and predecessor and acquired entities.

Our Company

Overview

Liquid Holdings Group has developed and provides proprietary next generation software technology that seamlessly integrates trading, real-time risk management, accounting, reporting and administration tools in a single platform for the financial services community. Our current and prospective customers include small to mid-sized hedge fund managers, asset managers, wealth management offices, family offices and financial institutions. We deliver our technology efficiently, quickly and securely as a Software as a Service, or SaaS, solution through the "cloud," or as a software installation on our customers' premises. The advanced feature set of our platform includes customizable and rapidly deployable multi-asset class trading software coupled with real-time risk management, accounting and reporting capabilities.

We believe that our platform's comprehensive, real-time approach provides a distinctive offering to our customers. We believe our comprehensive approach creates efficiencies for our customers by reducing the number of service provider relationships the customer needs to manage and maintain and by reducing the level of information technology, or IT, personnel necessary to support and integrate those multiple applications.

Our platform offers the following features and capabilities:

- **A Single, Consolidated Portfolio View.** We offer a single trade, order and position management solution for multiple asset classes such as equities, options, futures, fixed income securities and foreign exchange markets, or FX. Our customers can aggregate positions, exposures and risk metrics across all of their portfolios and asset classes on a single screen in real time. With our platform there is no need to purchase or integrate several external programs to consolidate risk management, accounting and reporting functions across asset classes.
- **Broker, Execution and Clearing Firm Neutral.** We provide our customers with the independence to select their preferred broker execution venues and clearing relationships. Our technology is able to connect our customers seamlessly to prime brokers and over 100 liquidity destinations, including broker-dealers, private alternative trading systems/platforms, or dark pools, and other electronic communication networks, or ECNs. We do not monetize, sell or take the opposing side of our customers' order flow, nor do we act as a market maker. Our technology allows our customers to be "broker neutral" in their choice of where a trade is executed, how the trade is sent to the market and which broker executes and clears the trade. We have established connectivity with some of the most recognized prime brokers and banking platforms in the world, offering our customers the ability to access these relationships for capital introduction and execution services globally.

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- **Real-Time Portfolio Risk Management and Scenario Analysis.** The architecture of our platform enables our customers to perform highly complex computations of risk and project probabilistic scenarios using data feeds in real time. This allows our customers to quantify the probability of portfolio risk based on variables that they input to simulate a macro or micro event based on historical market events. It also enables users to calculate theoretical values instantly for over a dozen historic market events and crashes to simulate portfolio performance in times of market volatility. Our platform automatically routes trade data to our risk management system for real-time analysis. We believe most of our competitors offer this type of analysis only on an end-of-day or as-requested basis.
- **Accounting and Reporting Management, Fee Management and Transaction Cost Analysis.** Our accounting and reporting database was designed to reconcile a vast number of trades and their associated fees and transaction costs, giving traders and managers a clear and concise view of their portfolio accounting, including exchange/ECN fees, "soft dollar" arrangements, and brokerage and accounting adjustments. Our flexible and scalable architecture allows traders, operations personnel and senior management to view customized reports on an individual, group or enterprise wide basis.

We have branded our risk metrics platform as LiquidMetrics, our trading platform as LiquidTrade and our accounting platform as LiquidView, together constituting the Liquid Platform.

For the period from April 24, 2012 through December 31, 2012, our total revenues were $2.3 million (of which $1.3 million related to the over-the-counter brokerage operations of certain of our subsidiaries which we ceased on June 1, 2013 and only $1.0 million related to software licensing, which included revenue of $365,606 related to messaging services which we terminated on December 31, 2012). For the three months ended March 31, 2013, our total revenues were $1.8 million (of which $1.1 million related to the over-the-counter brokerage operations). All of our software to date has been delivered as SaaS. We recorded a net loss of $38.2 million, or $41.4 million on a pro forma basis, and negative cash flows from operations of $6.4 million for the period from April 24, 2012 through December 31, 2012. We recorded a net loss of $5.1 million, or $4.5 million on a pro forma basis, and negative cash flows from operations of $2.7 million for the three months ended March 31, 2013.

Recent Developments. We are currently in the process of preparing our consolidated financial results for the second quarter ended June 30, 2013 and, therefore, our actual results for that period are not yet available and are subject to change. However, we currently expect that our total revenues will decrease from approximately $1.8 million in the first quarter of 2013 to approximately $1.3 million in the second quarter of 2013. We expect that software services revenues for the second quarter will be approximately flat compared to the three months ended March 31, 2013. During the second quarter, as described elsewhere in this prospectus, we exited the over-the-counter brokerage business. As a result of the loss of revenue from the cessation of the over-the-counter brokerage business, we expect that our brokerage revenues will be significantly lower as compared to our brokerage revenues for the three months ended March 31, 2013. In addition, we currently expect to report a net loss of approximately $21.7 million for the second quarter of 2013 as compared to a net loss of approximately $5.1 million for the three months ended March 31, 2013, partly due to an increase in compensation expense as we have increased our headcount in an effort to grow our business and primarily due to a significant increase in share-based compensation related to the issuance of additional equity and other transactions in our equity subsequent to March 31, 2013. In addition, we currently expect to report that our net current assets decreased to approximately $2.4 million at June 30, 2013 as compared to approximately $5.7 million at March 31, 2013 and our shareholders' equity decreased to approximately $30.0 million at June 30, 2013 as compared to approximately $35.0 million at March 31, 2013. These preliminary results for the second quarter ended June 30, 2013 are subject to change.

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Our Competitive Strengths

Our strengths include:

- **State of the Art Technology.** Our technology platform utilizes a state of the art flexible and scalable framework-based technology architecture that integrates order, trade, execution, real-time risk and portfolio management functions as well as accounting and reporting software for multiple asset classes on a single platform. Our platform is flexible and highly customizable, allowing our customers to match the use of our platform with their specific business processes and workflows. The flexibility of our platform also allows our customers to deploy our technology offerings individually or in any combination.
- **Cross-Asset, Multi-Currency, Broker, Execution and Clearing Firm Neutral Platform.** We have designed a cross-asset, multi-currency, broker, execution and clearing firm neutral platform providing our customers with access to over 100 sources of liquidity, including connectivity to top-tier investment banks and prime brokers. Using industry standard protocols, our platform has the ability, following basic certification procedures, to connect to any prime broker, exchange, dark pool or institution globally. We are able to efficiently integrate and interconnect our platform with the existing infrastructure of these institutions.
- **SaaS Delivery.** We are able to deliver our technology platform to customers using a SaaS delivery model. SaaS delivery increases efficiency, reduces customer infrastructure costs and accelerates deployment. The SaaS capability allows our customers to deliver our platform to their employees and other end-users within days or even hours of our completing the sales cycle. Our SaaS delivery model enables us to realize and provide efficiencies and economies of scale in delivering and supporting our software in the following ways:
  - Our centralized server-based delivery of software makes installation, upgrades and support easy to implement and gives us the ability to control the user experience and quality of service;
  - The economics inherent in deploying our software makes SaaS delivery beneficial for both us and our customers by optimizing the utilization of servers and reducing fixed costs; and
  - SaaS delivery enables our customers to deliver our technology to their employees and other end-users on any device, anywhere, anytime, thereby giving them greater flexibility in how and where they use our technology platform.
- **Strong and Experienced Management and Board of Directors.** Our seasoned management team has, individually and collectively, decades of experience in delivering innovative technology and working in the financial services community. Our senior management team and Board of Directors includes the former Chairman and Chief Executive Officer of UBS Global Asset Management (Americas) Inc. and Marsh Inc., a former Partner and Managing Director of ECHOtrade LLC, or ECHOtrade, a high volume, 400-manager proprietary algorithmic trading firm and the former Chairman of the New York Mercantile Exchange, or NYMEX.
- **Continued Innovation Through Collaborative Product Development.** The majority of the features in our platform were designed in collaboration with existing and prospective clients based on their specific functionality requests.

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Our Strategy

We intend to position ourselves as a provider of value-added software solutions that integrate trading, real-time risk management, accounting, reporting and administration tools for multiple asset classes on a single platform. We believe our unique software design allows us to deliver a comprehensive suite of products and services at a price point that is lower than that currently offered by our competitors for comparable products and services. The following are key elements of our strategy:

- Bringing a combination of an integrated technology platform, competitive pricing and efficient product delivery that is disruptive to the current marketplace;
- Providing a superior product and an economical solution to underserved segments of the financial services community such as small to mid-sized hedge fund managers, asset managers, wealth management offices and family offices;
- Providing larger financial institutions with an attractive, cost-effective and integrated solution for internal use and licensing to their clients;
- Growing our market share through internal development and selective acquisitions;
- Extending our global reach by entering into additional international and developing markets in which we believe there will be demand for our products and services; and
- Leveraging relationships with independent third-party asset allocators to accelerate the distribution of our technology.

Risks Affecting Us

Our business is subject to numerous significant risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. You should carefully read the section titled “Risk Factors” for a detailed explanation of these risks before investing in our common stock. These risks include, but are not limited to, the following:

- We have a very limited operating history, which makes it difficult to evaluate our current business and future prospects, and may substantially increase the risk of your investment;
- We have generated very little revenue and have experienced significant net losses and negative cash flows from operations to date, and may not be able to generate meaningful revenue, operate profitably or generate positive cash flows on a consistent basis or at all;
- We face significant competition for customers from other providers of technology solutions to participants in the financial services community. If prospective customers are reluctant to switch from their existing service providers and adopt our products and services, our sales will not grow or may decline, we could be materially and adversely affected and our stock price could decline significantly;
- If we do not accurately predict, prepare for and respond promptly to rapidly evolving technological and market developments and changing customer needs, our business and prospects may be negatively impacted, potentially materially;
- We currently have a limited number of customers, most of which to date have been generated as a result of pre-existing relationships of these customers with our founders and entities affiliated with them. We may not be successful in attracting new customers. In addition, the loss of or events affecting one or more of our customers could materially and adversely affect us and cause our stock price to decline significantly;
- A systemic or systematic market event that impacts the various market participants with whom we interact could materially and adversely affect us and cause our stock price to decline significantly;

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- If we fail to remediate our current material weaknesses and deficiencies in our internal control over financial reporting or we are unable to implement and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected, our reputation could be harmed and our stock price could decline significantly;
- We depend on our senior management team and the loss of one or more key employees, the failure of new executive officers to integrate with our management team or our failure to attract and retain other highly qualified personnel in the future, could have a negative impact on our business;
- Defects, errors or vulnerabilities in our products or services or the failure of our products or services to perform could materially and adversely affect us and cause our stock price to decline significantly;
- We may be unable to obtain patent rights that effectively protect our integrated technology platform and our other intellectual property rights may not be sufficient to effectively protect our products and technology, which could subject us to increased competition that could negatively impact our business;
- Our current research and development efforts may not produce successful products and services or features that result in significant revenue, cost savings or other benefits in the near future, if at all, which could materially and adversely affect us and cause our stock price to decline significantly; and
- Our failure to obtain the capital necessary to expand our operations and invest in new products and services could reduce our ability to compete and materially and adversely affect us and cause our stock price to decline significantly.

Our Formation Transactions

We were formed on January 17, 2012 with the intention of being the holding company to acquire and own a group of companies. We are the successor control entity of the Liquid predecessor companies, which we refer to as the Liquid Predecessor Companies. The Liquid Predecessor Companies are not a legal entity but rather a combination of certain entities and operations formed to continue and expand our organization in developing and operating a proprietary next generation technology platform that streamlines and unifies the entire trade and risk management process for the financial services community. The Liquid Predecessor Companies are Liquid Prime Holdings LLC, Liquid Prime Services, Inc., Liquid Partners, LLC and Liquid Trading Holdings Limited. See the section titled "Certain Relationships and Related Party Transactions—Formation Transactions" for more information on these transactions.

Acquisition History. We acquired the entities and technology that comprise our business pursuant to the following transactions:

Liquid Prime Holdings LLC. Liquid Prime Holdings LLC, or Liquid Prime Holdings, owns Liquid Prime Services, Inc., or Liquid Prime Services. Liquid Prime Services (f/k/a Taconic Capital Group Inc.) is a broker-dealer registered with the Securities and Exchange Commission, or SEC, and a member of the Financial Industry Regulatory Authority, Inc., or FINRA. The ownership of a registered broker-dealer enables us to facilitate ancillary execution services as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing agency brokerage services in order to pass on savings for execution services to our clients. Additional services provided by Liquid Prime Services include the facilitation of broker assisted over-the-counter transactions on our clients' behalf. On June 1, 2013, we ceased over-the-counter brokerage operations for Liquid Prime Services. Going forward, Liquid Prime Services will continue to be a key component of our business strategy by providing agency brokerage services and facilitating the introduction of client assets to custody banking relationships. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Prime Services to impact our ability to provide agency brokerage services and facilitate the introduction of client assets to custody banking relationships. Liquid Prime Holdings was initially formed in

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2011 by Brian Ferdinand, our Vice Chairman of the Board and Head of Corporate Strategy and one of our founders. On April 24, 2012, Mr. Ferdinand contributed all of the outstanding interests in Liquid Prime Holdings to us, which contribution became effective upon regulatory approval received on October 5, 2012.

Liquid Partners, LLC. Liquid Partners, LLC (f/k/a Centurion Capital Group, LLC, or Centurion Capital Group), or Liquid Partners, was acquired to provide us with access to a customer base for our business and a select group of experienced traders and fund managers. The customers that were introduced to us by Liquid Partners have utilized our platform and generated valuable user feedback in the beta testing and development of our technology. We acquired Liquid Partners through a series of related transactions beginning in December 2011 and continuing through May and July 2012 from the members of Liquid Partners, including Edward Feigeles, a former member of our Board of Directors, and an entity controlled by Douglas J. Von Allmen, a holder of more than 10% of our common stock.

Liquid Trading Institutional LLP. Liquid Trading Institutional LLP, or Liquid Trading Institutional, is a U.K. Financial Conduct Authority, or FCA, registered broker-dealer. The ownership of an FCA-registered broker-dealer enables us to facilitate ancillary execution services in the U.K. as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing introductory brokerage services in order to pass on savings for execution services to our clients. Prior to its acquisition by us, Liquid Trading Institutional was controlled by Mr. Ferdinand and Robert Keller, another of our founders and a former member of our Board of Directors. We acquired Liquid Trading Institutional pursuant to contribution agreements entered into with entities controlled by Messrs. Ferdinand and Keller on April 24, 2012 and an entity controlled by an unrelated third party on June 5, 2012, which contribution became effective upon regulatory approval received on July 2, 2012.

Liquid Futures, LLC. Liquid Futures, LLC, or Liquid Futures, is an independent introducing broker registered with the U.S. Commodity Futures Trading Commission, or CFTC, and is a member of the National Futures Association, or NFA. The ownership of an independent introducing broker enables us to facilitate ancillary execution services as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing agency brokerage services in order to pass on savings for execution services to our clients. Additional services provided by Liquid Futures include the facilitation of broker assisted over-the-counter transactions on our clients' behalf. On March 26, 2013, Liquid Futures changed its status from a non-clearing FCM to an independent introducing broker. We believe this transition will have little to no impact on Liquid Futures' business operations and the services it can provide to its customers; however, it has reduced the amount of regulatory capital that the entity is required by the CFTC to maintain. On June 1, 2013, we ceased over-the-counter brokerage operations for Liquid Futures. Going forward, Liquid Futures will continue to be a key component of our business strategy by providing agency brokerage services and facilitating the introduction of client assets to custody banking relationships. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Futures to impact our ability to provide agency brokerage services and facilitate the introduction of client assets to custody banking relationships. We are considering consolidating Liquid Futures and Liquid Prime Services into a single entity. Such a consolidation would enable Liquid Futures and Liquid Prime Services to streamline their regulatory costs and consolidate their net capital, permit our customers to sign a single account agreement to conduct both futures and securities trading, and permit the consolidated entity to enter into a single clearing agreement to facilitate both futures and securities trades. Liquid Futures was initially formed in 2011 as a non-clearing futures commission merchant, or FCM, by Richard Schaeffer, one of our founders and a member of our Board of Directors, and Mr. Ferdinand. Messrs. Schaeffer and Ferdinand subsequently contributed all of their interests in Liquid Futures to us on April 24, 2012, which contribution became effective upon regulatory approval received on May 9, 2012.

Fundsolve Limited. Through our acquisition of Fundsolve Limited, or Fundsolve, we acquired our risk management technology. We acquired Fundsolve on July 31, 2012 pursuant to a share purchase agreement with

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Fundsolve's equity holders, including Darren Davy, who subsequently became one of our directors. Prior to our acquisition, Fundsolve operated as a portfolio risk management company serving mid- to large-sized hedge funds with its proprietary risk management technology.

Tragara Alpha Partners, LLC. We acquired certain intellectual property assets forming a component of our trading technology, including an algorithmic trading program, from Tragara Alpha Partners, LLC, or Tragara Alpha Partners, owned by Samuel Gaer, our former Chief Executive Officer and a former member of our Board of Directors, on April 27, 2012.

LiquidView. We acquired the LiquidView software tool, which forms a component of our accounting technology, from entities controlled by Messrs. Ferdinand and Keller on July 30, 2012.

Green Mountain Analytics, LLC. Through our acquisition of Green Mountain Analytics, LLC, or GMA, we acquired the foundation of our trading technology. Prior to our acquisition, GMA was a financial software development company serving a diverse set of trading fund demographics with its proprietary trading technology. Messrs. Ferdinand and Keller initially acquired their equity positions in GMA in 2008 and together acquired a majority, but non-controlling, interest in GMA in 2011. We subsequently acquired GMA on August 27, 2012.

Capital Raising History. In addition to the acquisition transactions described above, prior to this offering, we have completed several capital raising transactions. The first of these transactions was a $4.3 million sale of common stock consummated through LTI, LLC (an entity formed by our founders, Messrs. Schaeffer, Ferdinand and Keller, for the purpose of raising this capital), or LTI, in September 2011. We acquired LTI in September 2012, in exchange for the issuance of an aggregate of 495,821 shares of common stock to the members of LTI (including 174,995 shares of common stock to Mr. Feigeles). The second of these transactions was a $12.5 million sale of our common stock to an entity controlled by Mr. Von Allmen in July 2012. In that transaction, we issued 1,239,986 shares of common stock to Mr. Von Allmen and, prior to December 25, 2012, we issued to Mr. Von Allmen 242,020 additional shares of common stock pursuant to the terms of our subscription agreement with Mr. Von Allmen. We also raised an additional $3.3 million in the aggregate through six additional transactions completed in January 2013, February 2013 and March 2013 (including transactions in which we issued 59,918 shares of common stock to Victor R. Simone, Jr., one of our directors, and 183,773 shares of common stock to Jay Bernstein, one of our directors). In addition, in April 2013, we issued 720,498 shares of common stock to an entity controlled by Mr. Von Allmen in consideration for his continued financial support and commitment to our development and growth.

Ownership of our Principal Stockholders, Executive Officers and Directors

Immediately following the completion of this offering, our principal stockholders, executive officers and directors will, in the aggregate, hold approximately 70% of the voting power of all outstanding shares of our common stock.

Direct Offering

The 80,079 shares to be purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares to be purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally through the underwriter in the underwritten offering. The closing of the direct offering is expected to occur on the same day as the underwritten offering, and is contingent upon the completion of the underwritten offering. The underwritten offering is not contingent upon the closing of the direct offering.

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Corporate Information

We were formed as a Delaware limited liability company on January 17, 2012 and began operations on April 24, 2012. Our headquarters are located at 800 Third Avenue, 39th Floor, New York, New York 10022, and our telephone number at that address is (212) 293-1836. On July 24, 2013, we reorganized as a Delaware corporation and changed our name from Liquid Holdings Group, LLC to Liquid Holdings Group, Inc. Such transaction is referred to in this prospectus as the LLC Reorganization. In connection with the LLC Reorganization, all of our outstanding common units converted into shares of common stock of Liquid Holdings Group, Inc. Unless otherwise indicated or the context otherwise requires, all information in this prospectus is presented giving effect to this reorganization and the related conversion of our common units into shares of our common stock at a ratio of 10,606.81 shares of common stock for each common unit. Our website address is www.liquidholdings.com. Information contained on, or that can be accessed through, our website is not a part of, nor incorporated into, this prospectus. “Liquid Platform,” “LiquidMetrics,” “LiquidTrade” and “LiquidView” are trademarks and service marks of Liquid Holdings Group, Inc. This prospectus also contains trademarks, service marks and tradenames of other companies.

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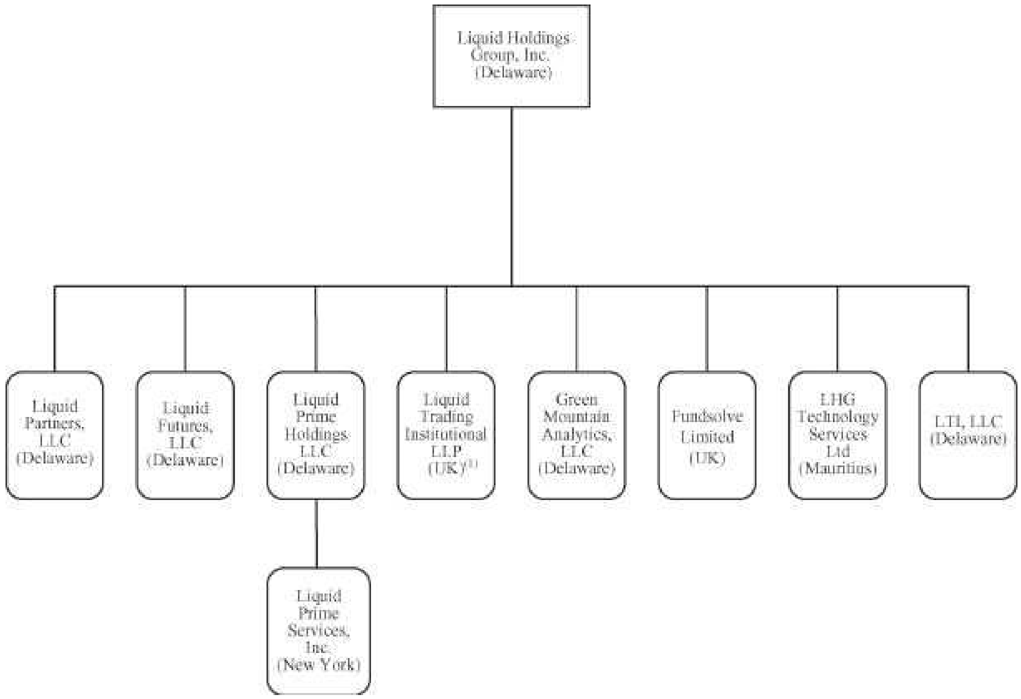
Organizational Chart

The following diagram depicts our corporate structure immediately following completion of this offering. We hold 100% of the ownership interest in each of our subsidiaries except as otherwise indicated below. See the section titled "Principal Stockholders" for a list of our principal stockholders and their relevant percentage ownership interest in us:



(1) Pursuant to a contractual agreement, Liquid Trading Institutional LLP has two B Members that are responsible for certain operational functions of Liquid Trading Institutional LLP for which the B Members receive fixed compensation. The B Members are not otherwise entitled to any other distributions or other compensation from Liquid Trading Institutional LLP.

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The Offering

Common stock offered by us	3,175,000 shares(1)
Over-allotment option	We have granted the underwriter a 30-day option to purchase up to 464,238 additional shares of our common stock at the same price, and on the same terms, solely to cover over-allotments, if any.
Common stock to be outstanding after this offering	24,458,168 shares (or 24,922,406 shares, if the underwriter exercises its over-allotment option in full).(1)
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $17.4 million, or approximately $21.3 million if the underwriter exercises its over-allotment option in full, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from this offering for investments in our technology and our sales and marketing functions, and for working capital and general corporate purposes, which may include acquisitions of complementary businesses, products or technologies. As described in the section titled "Use of Proceeds," a portion of the proceeds will be used to repay loans from Messrs. Schaeffer, Ferdinand and Ross, to purchase shares of our common stock from Mr. Storms and to make payments to Messrs. Ferdinand, Schaeffer and Keller pursuant to contractual obligations.
Dividends on common stock	We have not declared or paid any cash dividends on our common stock since our inception and do not anticipate paying any cash dividends on our common stock in the foreseeable future.
Proposed NASDAQ Global Market symbol	"LIQD"

(1) Includes 80,079 shares to be purchased by Mr. Ferdinand directly from us in the direct offering at $9 per share.

Brian Ferdinand, one of our founders and our Vice Chairman of the Board and Head of Corporate Strategy, and Douglas Von Allmen, a beneficial owner of more than 10% of our common stock, have agreed to purchase an aggregate of $16.2 million of our shares of common stock in this offering at the initial public offering price per share. The shares to be purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares to be purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally in the underwritten offering.

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The number of shares of common stock to be outstanding after this offering presented above and, unless otherwise expressly indicated or the context otherwise requires, elsewhere in this prospectus, gives effect to the following in connection with the consummation of this offering:

- the issuance of 626,808 shares, 840,002 shares, and 371,575 shares of common stock to Messrs. Schaeffer, Ferdinand and Gaer, respectively, pursuant to the incentive units they held;
- the issuance of 142,524 additional shares of common stock to Mr. Ferdinand pursuant to the anti-dilution terms of the incentive units granted to him on December 18, 2012, representing 4% of the aggregate issued and outstanding units of the Company as of the date of such grant, after giving effect to such grant, which specify that Mr. Ferdinand is entitled to an additional grant of common equity interests immediately following the consummation of this offering in order to preclude the dilution of the 4% grant;
- the issuance of 245,632 shares of common stock to Fundsolve's former equity holders pursuant to our share purchase agreement in respect of our acquisition of Fundsolve, equivalent to 1% of the number of our common shares to be outstanding upon completion of this offering; and
- the purchase of 105,000 shares of common stock from Brian Storms, our Chairman of the Board and Chief Executive Officer, as described in the section titled "Use of Proceeds."

In this prospectus, unless otherwise indicated or the context otherwise requires, the number of shares of common stock outstanding and the other information based thereon gives effect to our reorganization from a Delaware limited liability company into a Delaware corporation and the concurrent conversion of all of our outstanding common units into shares of our common stock at a ratio of 10,606.81 shares of common stock for each common unit, but does not reflect:

- any exercise by the underwriter of its over-allotment option to purchase up to 464,238 additional shares of our common stock from us;
- 1,432,185 additional shares of common stock issuable under outstanding but unvested restricted stock units, or RSUs;
- 272,287 additional shares underlying options granted to our employees;
- additional shares underlying options granted to three of our employees having an aggregate value of $650,000 calculated using the Black-Scholes option pricing model on the date of this offering; and
- 1,378,949 additional shares of our common stock reserved for future issuance under our 2012 Amended and Restated Stock Incentive Plan, or Stock Incentive Plan.

On April 24, 2012, Liquid Holdings Group, LLC executed a Limited Liability Company Agreement, or the LLC Agreement, and authorized two classes of common units, Class A Common Units and Non-dilutive Common Units. Both classes had the same privileges, preferences, duties, obligations and rights, except that the Non-dilutive Common Units had anti-dilution rights. On October 22, 2012, Liquid Holdings Group, LLC amended its LLC Agreement to redesignate all outstanding Non-dilutive Common Units and Class A Common Units as Common Units. Unless otherwise indicated or the context otherwise requires, all common share amounts in this prospectus for dates prior to October 22, 2012 retroactively reflect the redesignation of all issuances as Common Units.

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Summary Financial Data

The following tables set forth summary financial data on a pro forma and historical basis for Liquid Holdings Group, LLC.

You should read the following summary historical and pro forma financial data in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," the unaudited pro forma condensed consolidated financial statements and related notes, the consolidated financial statements and the accompanying notes of Liquid Holdings Group, LLC, the combined financial statements and accompanying notes of Liquid Predecessor Companies, and the historical financial statements of certain other entities acquired by us and included elsewhere in this prospectus.

We have presented the condensed consolidated balance sheet data as of December 31, 2012 and March 31, 2013 (unaudited) and the condensed consolidated statement of operations and comprehensive loss data for the period ended December 31, 2012 and the three months ended March 31, 2013 on an unaudited pro forma basis and for the period from April 24, 2012 to December 31, 2012 and the three months ended March 31, 2013 (unaudited) on a historical basis based on the unaudited pro forma consolidated combined financial statements and related notes and the consolidated financial statements and the accompanying notes of Liquid Holdings Group, LLC included elsewhere in this prospectus.

	Liquid Holdings Group, LLC			
	For the Period From April 24, 2012 to December 31, 2012	For the Three Months Ended March 31, 2013 (Unaudited)	Pro Forma For the Period Ended December 31, 2012 (1) (2) (Unaudited)	Pro Forma For the Three Months Ended March 31, 2013 (3) (4) (Unaudited)
Condensed Consolidated Statement of Operations and Comprehensive Loss Data:				
Revenues:				
Brokerage activities	$ 1,295,248	$ 1,145,852	$ —	$ —
Software services	1,032,534	616,612	1,459,192	616,612
Total revenues	2,327,782	1,762,464	1,459,192	616,612
Cost of revenues:				
Brokerage activities	817,559	747,247	12,909	485
Software services	690,190	577,160	1,289,689	577,160
Total cost of revenues	1,507,749	1,324,407	1,302,598	577,645
Gross margin	820,033	438,057	156,594	38,967
Operating expenses:				
Compensation	28,333,420	2,087,456	28,588,445	2,045,562
Consulting	3,081,002	324,732	3,115,754	324,732
Depreciation and amortization	2,761,703	1,824,342	7,645,174	1,812,169
Impairment of goodwill and intangible assets	1,550,652	—	1,558,039	—
Other	3,136,097	1,358,075	3,592,516	1,151,523
Total operating expenses	38,862,874	5,594,605	44,499,928	5,333,986
Loss from operations	(38,042,841)	(5,156,548)	(44,343,334)	(5,295,019)

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	Liquid Holdings Group, LLC			
	For the Period From April 24, 2012 to December 31, 2012	For the Three Months Ended March 31, 2013 (Unaudited)	Pro Forma For the Period Ended December 31, 2012 (1) (2) (Unaudited)	Pro Forma For the Three Months Ended March 31, 2013 (3) (4) (Unaudited)
Non-operating income (expenses):				
Registration rights penalty expense	(1,674,704)	—	(1,674,704)	—
Gain on contingent consideration payable	1,545,000	—	1,545,000	—
Unrealized gain (loss) on contingent consideration payable	129,000	(34,619)	129,000	(34,619)
Other, net	(306,659)	9,877	(306,659)	9,877
Total non-operating (expense) income, net	(307,363)	(24,742)	(307,363)	(24,742)
Loss before income taxes	(38,350,204)	(5,181,290)	(44,650,697)	(5,319,761)
Income tax benefit	104,340	71,975	3,289,396	791,725
Net loss	(38,245,864)	(5,109,315)	(41,361,301)	(4,528,036)
Other comprehensive income (losses):				
Foreign currency translation	(18,073)	14,559	(18,073)	14,559
Total comprehensive loss	$ (38,263,937)	$ (5,094,756)	$ (41,379,374)	$ (4,513,477)
Earnings (loss) per common share:				
Basic	(2.46)	(0.26)	(2.67)	(0.23)
Diluted	(2.46)	(0.26)	(2.67)	(0.23)
Weighted average common shares:				
Basic	15,517,444	19,966,153	15,517,444	19,966,153
Diluted	15,517,444	19,966,153	15,517,444	19,966,153

	December 31, 2012	March 31, 2013 (Unaudited)	December 31, 2012 Pro Forma as Adjusted for this Offering (2) (5) (Unaudited)	March 31, 2013 Pro Forma as Adjusted for this Offering (4) (5) (Unaudited)
Condensed Consolidated Balance Sheet Data:				
Assets:				
Cash and cash equivalents	$ 1,380,078	$ 4,166,196	$20,835,347	$25,143,568
Note receivable from related party—QuantX	2,250,000	—	2,250,000	—
Other intangible assets, net of amortization	18,740,125	16,956,594	18,740,125	16,956,594
Goodwill	13,182,936	13,182,936	21,198,936	21,198,936
Other assets	6,395,492	8,301,106	2,919,065	3,046,326
Total assets	$41,948,631	$42,606,832	$65,943,473	$66,345,424
Liabilities and equity:				
Contingent consideration payable	$ 1,561,000	$ 1,595,619	$ 1,561,000	$ 1,595,619
Other liabilities	4,012,402	5,924,140	10,985,042	12,177,055
Total liabilities	5,573,402	7,519,759	12,546,042	13,772,674
Equity	36,375,229	35,087,073	53,397,431	52,572,750
Total liabilities and equity	$41,948,631	$42,606,832	$65,943,473	$66,345,424

(1) The pro forma December 31, 2012 column reflects (i) the acquisition of Liquid Futures as if it had occurred on January 1, 2012, (ii) the acquisition of Fundsolve as if it had occurred on January 1, 2012, (iii) the acquisition of Liquid Prime Holdings as if it had occurred on January 1, 2012, (iv) the acquisition of LTI as if it had occurred on January 1, 2012, (v) the acquisition of GMA as if it had occurred on January 1, 2012, (vi) the acquisition of Liquid Partners as if it had occurred on January 1, 2012, (vii) the elimination of intercompany transactions, (viii) the

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elimination of messaging services for Liquid Holdings Group, LLC, as if such services ceased effective January 1, 2012 and (ix) the elimination of over-the-counter brokerage operations for Liquid Prime Services and Liquid Futures as if such activity ceased effective January 1, 2012.

(2) The adjustments in these columns do not give effect to the issuance of 3,208,728 shares of our common stock subsequent to December 31, 2012 and the issuance of 3,563,156 shares of our common stock that will occur in connection with the consummation of this offering. We expect that we will incur additional non-cash expense charges of approximately $26,100,000 in connection with certain of these issuances and other transactions that occurred subsequent to December 31, 2012.

(3) The pro forma March 31, 2013 column reflects the elimination of over-the-counter brokerage operations for Liquid Primes Services and Liquid Futures as if such activity ceased effective January 1, 2013.

(4) The adjustments in these columns do not give effect to the issuance of 2,561,285 shares of our common stock subsequent to March 31, 2013 and the issuance of 3,563,156 shares of our common stock that will occur in connection with the consummation of this offering. We expect that we will incur additional non-cash expense charges of approximately $25,100,000 in connection with certain of these issuances and other transactions that occurred subsequent to March 31, 2013.

(5) The pro forma as adjusted for this offering column gives effect to the pro forma adjustments set forth in footnote (1) above for December 31, 2012 and footnote (3) above for March 31, 2013, and the receipt of the net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us and the use of such proceeds as outlined in the section titled “Use of Proceeds.”

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this prospectus, including the historical and pro forma financial statements and the related notes contained elsewhere in this prospectus, before you decide to purchase shares of our common stock. If any of the following risks or uncertainties actually occur, our business, financial condition, results of operations, liquidity, cash flows and prospects could be materially and adversely affected. As a result, the price of our common stock could decline significantly and you could lose all or part of your investment in our common stock. The risks discussed below include forward-looking statements, and our actual results may differ substantially from those discussed in these forward-looking statements.

Risk Related to Our Business and Our Industry

We have a very limited operating history, which makes it difficult to evaluate our current business and future prospects, and may substantially increase the risk of your investment.

We were formed on January 17, 2012 and commenced operations on April 24, 2012. We have a very limited history of selling our products and services to third parties. Our limited operating history makes it difficult to evaluate our business and future prospects. This difficulty may be further exacerbated by the limited historical financial information and other financial and operating data available with respect to our business. Among other things, our historical financial statements included in this prospectus primarily reflect our start-up operations, and may not be reflective of our business going forward. We have encountered and will continue to encounter risks and difficulties frequently experienced by new and rapidly growing companies in evolving industries, including the risks described in this prospectus. If we do not address and manage these risks successfully, our business could be materially and adversely affected and our stock price could decline significantly.

We have generated very little revenue and have experienced significant net losses and negative cash flows from operations to date, and may not be able to generate meaningful revenue, operate profitably or generate positive cash flows on a consistent basis or at all.

We have generated very little revenue to date. From April 24, 2012, the date on which we commenced operations, through December 31, 2012, we generated revenue of $2.3 million (of which $1.3 million related to the over-the-counter brokerage operations of certain of our subsidiaries which we ceased on June 1, 2013 and only $1.0 million related to software licensing, which included revenue of $365,606 related to messaging services which we terminated on December 31, 2012) and incurred a net loss of $38.2 million, or $41.4 million on a pro forma basis, and had negative cash flows from operations of $6.4 million. For the three months ended March 31, 2013, we generated revenue of $1.8 million (of which $1.1 million related to the over-the-counter brokerage operations) and incurred a net loss of $5.1 million, or $4.5 million on a pro forma basis, and had negative cash flows from operations of $2.7 million. Although our financial results for the second quarter ended June 30, 2013 are not yet available, we currently expect that our total revenues will decrease from approximately $1.8 million in the first quarter of 2013 to approximately $1.3 million in the second quarter of 2013. We expect that software services revenues for the second quarter will be approximately flat compared to the three months ended March 31, 2013. During the second quarter, as described elsewhere in this prospectus, we exited the over-the-counter brokerage business. As a result of the loss of revenue from the cessation of the over-the-counter brokerage business, we expect that our brokerage revenues will be significantly lower as compared to our brokerage revenues for the three months ended March 31, 2013. In addition, we currently expect to report a net loss of approximately $21.7 million for the second quarter of 2013 as compared to a net loss of approximately $5.1 million for the three months ended March 31, 2013, partly due to an increase in compensation expense as we have increased our headcount in an effort to grow our business and primarily due to a significant increase in share-based compensation related to the issuance of additional equity and other transactions in our equity subsequent to March 31, 2013. In addition, we currently expect to report that our net current assets decreased to approximately $2.4 million at June 30, 2013 as compared to approximately $5.7 million at March 31, 2013 and our shareholders' equity decreased to approximately $30.0 million at June 30, 2013 as compared to approximately $35.0 million at March 31, 2013. These preliminary results for the second quarter ended June 30, 2013 are subject to change. We anticipate that our operating expenses will increase substantially in the foreseeable

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future as we continue to enhance our product and service offerings, broaden our customer base, expand our operations, hire additional employees, continue to develop our technology and operate as a publicly traded company. Our expenses may be greater than we currently anticipate, and we may not succeed in generating sufficient revenues to offset these higher expenses. We incurred non-cash expense charges of approximately $1.0 million for the three months ended March 31, 2013 and expect that we will incur additional non-cash expense charges of approximately $25,100,000 in each case related to the issuance of additional equity and other transactions in our equity subsequent to March 31, 2012 and additional equity to be issued in connection with the consummation of this offering. These costs will be incurred in the quarter in which the relevant equity issuances occur. See the section titled "Description of Capital Stock—Authorized Capitalization." Our revenue growth may slow or our revenue could decline for a number of reasons, including less demand for our products or services than we anticipate, competition, our failure to capitalize on growth opportunities or other factors. If we are unable to meaningfully increase our revenue, we may not be able to operate profitably or generate positive cash flows on a consistent basis. If we are unable to effectively address these risks and challenges as we encounter them, we could be materially and adversely affected and our stock price could decline significantly.

We face significant competition for customers from other providers of technology solutions to participants in the financial services community. If prospective customers are reluctant to switch from their existing service providers and adopt our products and services, our sales will not grow or may decline, we could be materially and adversely affected and our stock price could decline significantly.

Many of our potential customers have invested substantial personnel and financial resources to design and operate their trading, risk management, accounting, reporting and administration systems and technologies, and have established relationships with other providers. This may make them reluctant to add new components to their networks, particularly from other vendors such as us. We have only recently started selling our products and services to third parties and marketplace acceptance of our products and services is uncertain. Potential customers that use legacy products and services for their trading, risk management, accounting, reporting and administration needs may believe that these products and services sufficiently achieve their purpose. In addition, an organization's existing vendors or new vendors with broad product and service offerings may be able to offer concessions to our potential customers that we are not able to match. Accordingly, organizations may continue allocating their resources and information technology budgets for legacy products and services and may not switch to our products and services. If our products and services do not find widespread marketplace acceptance, then our sales may not grow or may decline, which could materially and adversely affect us and cause our stock price to decline significantly.

We face significant competition for the types of products and services that we offer and may be unable to compete effectively for market share.

Our future success depends significantly upon our ability to gain and increase our market share, to maintain and increase our revenues from new and existing customers and to sell additional products and product enhancements to new and existing customers. The market for the types of products and services that we offer is intensely competitive. Our current and potential future competition principally comes from:

- software development firms and vendors who create global trading networks and risk management, accounting, reporting and administrative tools and make them available to brokers, hedge funds, and other investment management clients and financial institutions;
- fund administrators who provide accounting and administration software and services to brokers, hedge funds and other investment management clients and financial institutions; and
- broker-dealers who, in an effort to satisfy the demands of their customers for hands-on electronic trading facilities, universal access to markets, smart routing, better trading tools and lower commissions and financing rates, provide such facilities and product enhancements to their hedge fund and other investment management clients.

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Our competitors may develop products that are superior to our platform in terms of quality, ease of use, security, reliability or cost or may achieve greater market acceptance. Our competitors or potential competitors may have significantly greater financial, technical and marketing resources and access to capital than we do. As a result, they may be able to respond more quickly to new or emerging technologies and to changes in customer demands, or to devote greater resources to the development, promotion and sale of their products and services than we can. We may be unable to compete successfully against current or future competitors, which could materially and adversely affect us and cause our stock price to decline significantly.

If functionality similar or superior to that offered by our products and services is developed by competitors, it could materially and adversely affect us and cause our stock price to decline significantly.

Large, well-established providers of trading, risk management, accounting, reporting and administration technologies may introduce features that compete with our platform, either in stand-alone products or as additional features to their existing technologies. In addition, other companies may emerge that offer products and services that compete with those we offer. The introduction by competitors of products and services, or the announcement of an intent to offer products and services, that include functionality perceived to be similar or superior to that offered by our platform may adversely affect our ability to market and sell our products and services, which could materially and adversely affect us and cause our stock price to decline significantly. Furthermore, even if the functionality offered by these providers is more limited than our products and services, a significant number of organizations may nevertheless subscribe to such limited functionality offered by other providers instead of our products and services, whether because they do not wish to add an additional vendor such as us, for cost reasons, for relationship reasons or otherwise.

We depend on our proprietary technology. Any inability by us to maintain a technological advantage over our competitors could materially and adversely affect us and cause our stock price to decline significantly.

Our success depends on our proprietary technology, which has taken several years to develop and which we believe provides us with a competitive advantage. If our technology becomes more widely adopted in the marketplace, competitors may seek to develop similar or competing technologies, which could adversely affect our business. We have filed an omnibus utility patent application with the U.S. Patent and Trademark Office, or USPTO, containing claims directed to our integrated technology platform. To date, no patent has issued under this application. Adoption or development by competitors of similar or more advanced technologies may require that we devote substantial resources to the development of more advanced or different technology to remain competitive. The markets in which we compete are characterized by rapidly changing technology, evolving industry standards and changing trading systems, practices and techniques. Although we believe we are at the forefront of these developments, we may not be able to keep up with changes in the future, develop new technology, realize a return on amounts invested in developing new technologies or remain competitive in the future, any of which could materially and adversely affect us and cause our stock price to decline significantly.

If we do not accurately predict, prepare for and respond promptly to rapidly evolving technological and market developments and changing customer needs, our business and prospects may be negatively impacted, potentially materially.

We expect the market for our products and services to continue to evolve rapidly. As a result, our future success will continue to depend upon our ability to develop new products or product enhancements that address the needs of our customers and to respond to changing market standards and practices. The process of developing new technology is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends, our business and prospects could be negatively impacted, potentially materially. We may be required to commit significant resources to developing new products and services before knowing whether our investments will result in products or services that will achieve marketplace acceptance.

The success of new products and services depends on several factors, including appropriate new product definition, timely completion and introduction of these products and services, differentiation of new products

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from those of our competitors, and marketplace acceptance of these products and services. There can be no assurance that we will successfully identify new sales opportunities, develop and bring new products and services to market in a timely manner, or achieve marketplace acceptance of our products and services, or that products, services and technologies developed by others will not render our products, services or technologies obsolete or noncompetitive.

We currently have a limited number of customers, most of which to date have been generated as a result of pre-existing relationships of these customers with our founders and entities affiliated with them. We may not be successful in attracting new customers. In addition, the loss of or events affecting one or more of our customers could materially and adversely affect us and cause our stock price to decline significantly.

Because we are a newly-formed company, our current customer base is small. For the period from April 24, 2012, the date we commenced operations, through December 31, 2012, a single customer, QuantX Management, LLP (f/k/a Liquid Trading Int'l LLP), or QuantX, a multi-strategy principal-only trading firm with which Messrs. Ferdinand, Schaeffer and Keller are affiliated, represented 34% of our total revenues and 75% of our software licensing revenues. In addition, for the period from April 24, 2012 through December 31, 2012, all related parties, including QuantX, represented 38% of total revenues and 86% of our software licensing revenues. For the three months ended March 31, 2013, QuantX represented 26% of our total revenues and 76% of our software licensing revenues. In addition, all related parties, including QuantX, represented 30% of total revenues and 87% of our software licensing revenues for the three months ended March 31, 2013. Although our financial results for the second quarter ended June 30, 2013 are not yet available, we currently expect that, for such period, related parties will continue to represent a substantial portion of our total revenues and a significant majority of our software licensing revenues. To date, most of our customers have been sourced through relationships with our founders and their respective affiliated or acquired entities. Our customers operate in the volatile global financial markets and are influenced by a number of factors outside of their control, including rising interest rates or inflation, the availability of credit, issues with sovereign and large institutional obligors, changes in laws and regulations, and terrorism or political uncertainty, among others. As a result, any one of our customers may go out of business unexpectedly. In addition, these customers may decide to no longer use our products and services for other reasons which may be out of our control. The loss of or events affecting any one or more of these customers could materially and adversely affect us and cause our stock price to decline significantly.

A systemic or systematic market event that impacts the various market participants with whom we interact could materially and adversely affect us and cause our stock price to decline significantly.

There has been significant disruption and volatility in the global financial markets over the last several years, and many countries, including the United States, have been in an economic slowdown. Increased risk aversion brought about by the financial crisis of 2008 and the resulting global recession, ongoing concerns over sovereign debt levels and the U.S. "flash crash" in May 2010 resulted in the curtailing of trading activity. The global market and economic climate may remain stagnant or continue to deteriorate because of the aforementioned factors as well as other factors beyond our control, including rising interest rates or inflation, a lack of credit, credit issues with sovereign and large institutional obligors, changes in laws or regulations, terrorism or political uncertainty, among others. In the event of deteriorating or stagnant market conditions, there could be a reduction in the types of financial instruments traded or a reduction in trading volumes of financial instruments globally. These factors could cause revenues from our customers to decrease, which could adversely affect our business and operating results, potentially materially. Our profitability may also be adversely affected by our fixed costs and the possibility that we may be unable to reduce other costs within a time frame sufficient to match any decreases in revenue relating to deteriorating conditions. Accordingly, deteriorating or stagnant market conditions could materially and adversely affect us and cause our stock price to decline significantly.

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If we fail to remediate our current material weaknesses and deficiencies in our internal control over financial reporting or we are unable to implement and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected, our reputation could be harmed and our stock price could decline significantly.

In connection with the preparation of our audited consolidated financial statements for the period from April 24, 2012 to December 31, 2012, our independent registered public accounting firm identified and communicated three material weaknesses in our internal controls over financial reporting to our Board of Directors. A material weakness is a deficiency, or a combination of deficiencies, that creates a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. The three material weaknesses related to our lack of: (i) internal controls and sufficient personnel to identify, analyze, record and report the accounting effects of the terms of agreements and contracts in accordance with accounting principles generally accepted in the United States, or U.S. GAAP; (ii) internal controls to safeguard and archive records to support amounts recorded in the financial statements; and (iii) policies, procedures and controls to identify, authorize, approve, monitor and account for and disclose related party transactions and arrangements, including those transactions outside the normal course of business, in the financial statements in accordance with U.S. GAAP. These material weaknesses resulted in audit adjustments to our financial statements which were identified by our independent registered public accounting firm.

We have begun taking steps and plan to take additional steps to remediate the underlying causes of our material weaknesses, primarily through the development and implementation of formal policies, improved processes, upgraded financial accounting systems and documented procedures, as well as the hiring of additional finance personnel. We hired a Chief Financial Officer in September 2012, an accounting manager and a General Counsel in March 2013, and a controller in April 2013, with appropriate knowledge, experience and ability to fulfill our obligations to comply with the accounting, reporting and other requirements applicable to public companies. In addition, we contracted for a new general ledger system in March of 2013 which we believe will enhance our internal controls and reporting capabilities once fully utilized, which we anticipate will occur before the end of 2013. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take, and our initiatives may not prove to be successful in remediating these material weaknesses.

If we fail to effectively remediate the current deficiencies in our control environment or are unable to implement and maintain effective internal control over financial reporting to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, we may be unable to accurately report our financial results or report them within the timeframes required by law or exchange regulations.

Even if we are able to report our financial statements accurately and in a timely manner, unless we make the necessary improvements to address our material weaknesses, the existence of material weaknesses or the continued disclosure of material weaknesses in our future filings with the SEC could cause our reputation to be harmed and our stock price to decline significantly.

We have not performed an evaluation of our internal control over financial reporting, such as required by Section 404 of the Sarbanes-Oxley Act, nor have we engaged our independent registered public accounting firm to perform an audit of our internal control over financial reporting as of any balance sheet date reported in our financial statements. Had we performed such an evaluation or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control deficiencies, including additional material weaknesses and significant deficiencies, may have been identified. In addition, the JOBS Act provides that, so long as we qualify as an "emerging growth company," we will be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Although we are still evaluating the JOBS Act, we may take advantage of this exemption so long as we qualify as an "emerging growth company."

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If we do not manage our expected growth effectively, our operating results may be materially and adversely affected and our stock price could decline significantly.

The growth and expansion of our business and product and service offerings will place a significant strain on our management, operational and financial resources. To manage our expected growth effectively, we will need to increase our staffing levels and continue to expand and improve our infrastructure, our operating, accounting, financial and administrative systems and our procedures, controls and processes, including, without limitation:

- significantly enhancing our internal controls to ensure timely and accurate reporting of all of our operations and financial results, and hiring additional personnel in areas such as accounting, finance, regulatory compliance and other important areas;
- expanding and improving our key business applications, processes and IT infrastructure, including without limitation those relating to accounting and financial reporting, to support our business needs;
- enhancing information and communication systems to ensure that our employees and officers are well-coordinated and can effectively communicate with each other and our growing customer base; and
- appropriately documenting our IT systems and our business processes.

These improvements may require significant capital expenditures and allocation of valuable management and employee resources. Our failure to make these improvements or hire any additional necessary personnel, or the failure of our systems, procedures, controls and processes to operate in the intended manner, may result in our inability: to manage our expected growth, which could materially and adversely affect our operating results; to accurately report or forecast our revenue, expenses and earnings; or to prevent certain losses.

Failures in our compliance systems could subject us to significant legal and regulatory costs. Furthermore, if our risk management methods are not effective, our business, reputation and financial results may be adversely affected.

Our ability to comply with all applicable laws and regulations is largely dependent on our establishment and maintenance of compliance, audit and reporting systems and procedures, as well as our ability to attract and retain qualified compliance, audit and risk management personnel. These systems and procedures may not be fully effective. We face the risk of intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of actual or alleged non-compliance with regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages, which can be substantial. Any failure to comply with applicable laws and regulations could adversely affect our business, reputation, financial condition and operating results and, in extreme cases, our ability to conduct our business or portions thereof.

Our sales cycle can be long and unpredictable, particularly with respect to larger financial institutions and other institutional and larger customers, which may result in increased costs and delays in generating revenue from new customers.

The timing of our sales is difficult to predict. Our sales efforts involve educating prospective customers about the use, technical capabilities and benefits of our products and services. Prospective customers often undertake a prolonged product-evaluation process. We may face significant costs, long sales cycles and inherent unpredictability in completing customer sales, particularly, but not exclusively, with respect to larger financial institutions and other institutional and larger customers. A prospective customer's decision to purchase our products and services may be an enterprise-wide decision and, if so, may require us to educate a significant number of people within the prospective customer's organization regarding the use and benefits of our products and services. In addition, prospective customers may require customized features and functions unique to their business process and may require acceptance testing related to those unique features. As a result of these factors, we may be required to devote greater sales support and professional services resources to a number of individual

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prospective customers, increasing costs and time required to complete sales and diverting our sales and professional services resources to a smaller number of larger customers, while delaying revenues from other potential new customers until the sales cycle has been completed and the criteria for revenue recognition have been met.

We depend on our senior management team and the loss of one or more key employees, the failure of new executive officers to integrate with our management team or our failure to attract and retain other highly qualified personnel in the future, could have a negative impact on our business.

Our success depends largely on the efforts and abilities of the key members of our senior management team, including our Chairman of the Board and Chief Executive Officer, Brian Storms; our Vice Chairman of the Board and Head of Corporate Strategy, Brian Ferdinand; and our Chief Financial Officer, Kenneth Shifrin. Because each member of our senior management team has a different area of specialization, the departure of any one of these individuals could create a deficiency in one of the core aspects of our business. Any failure of our newly formed management team to successfully integrate could also have a negative impact on our business. We are also dependent on the efforts of our team of technology professionals, and on our ability to recruit and retain highly skilled and often specialized personnel, particularly in light of the rapid pace of technological advances. The level of competition in the technology industry for individuals with this level of experience or these skills is intense. Significant losses of key personnel, particularly to competitors, could make it difficult for us to compete successfully. In addition, we may be unable to attract and retain qualified management and personnel in the future, including in relation to any diversification of our product and service offerings into new asset classes and/or new geographic locations.

We have outsourced certain research and development to third-party service providers. If these service providers do not perform effectively or if there is misconduct by our service providers, our business may be negatively impacted.

We have outsourced certain technology research and development to third-party service providers in Romania and India in order to achieve cost savings and efficiencies. If these service providers do not perform effectively, we may not be able to achieve any cost savings. Additionally, while we believe our outsourcing contract protects our intellectual property rights, misconduct by our service providers could result in infringement or misappropriation of our intellectual property. Such misconduct could adversely affect our business, financial condition, liquidity and results of operations.

Our financial and other operating results may vary significantly from period to period and may be unpredictable, which could cause our stock price to decline significantly.

Our financial and other operating results may vary significantly from period to period as a result of a number of factors, many of which are outside of our control and may be difficult to predict, including:

- our ability to attract and retain new customers;
- the budgeting cycles and purchasing practices of our existing and potential customers;
- changes in customer requirements or market needs;
- a general market volume contraction that leads to decreased activity;
- technological changes;
- changes in the growth rate of the market for technology service solutions supporting the financial services industry;
- the timing and success of new product and service introductions by us or our competitors or any other change in the competitive landscape of our industry, including consolidation among our competitors or customers;

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- our ability to successfully expand our business domestically and internationally;
- decisions by potential customers to purchase technology service solutions from larger, more established trading, risk management, accounting, reporting and administration technology vendors;
- price competition;
- changes in renewal rates for our products and services;
- the cost and potential outcomes of current or future litigation, which could materially and adversely affect us and cause our stock price to decline significantly;
- future accounting pronouncements, changes in our accounting policies, the failure to remediate all material weakness and deficiencies in a timely manner or the occurrence or perception of accounting irregularities; and
- general economic conditions, both domestically and internationally.

Any one of the factors above or the cumulative effect of some of the factors referred to above may result in significant volatility in our financial and other operating results. This variability and unpredictability could result in our failure to meet our revenue or other operating results expectations or those of securities analysts or investors for a particular period. If we fail to meet or exceed such expectations for these or any other reasons, our stock price could decline significantly and we could face costly lawsuits, including securities class action suits.

We rely on revenue from license and subscription fees. Because we will recognize revenue from license and subscription fees over the term of the relevant service period, downturns or upturns in sales may impact our future operating results.

For the periods ended December 31, 2012 and March 31, 2013, 56% and 65%, respectively, of our revenues were attributable to commissions and fees from broker-dealer operations, while 44% and 35%, respectively, came from license and subscription fees, primarily from QuantX, an entity with which Messrs. Ferdinand, Schaeffer and Keller are affiliated. Prospectively, however, we expect to be more dependent on license and subscription fees in light of the nature of our business and in light of our cessation of the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures on June 1, 2013. Sales of new or renewal licenses and subscription contracts may decline and fluctuate as a result of a number of factors, including customer satisfaction with our products and services, the price of our products and services, the quality, ease of use and prices of products and services offered by our competitors and reductions in our customers' spending levels. Furthermore, our customers generally have no contractual obligation to renew their contracts after the initial contract term. We have limited historical data with respect to rates of customer renewals, so we may not be able to accurately predict future renewal trends. If our sales of new or renewal licenses or subscription contracts decline, our future revenue and revenue growth may decline and our business may suffer.

Additional impairment of goodwill or intangible assets in our financial statements could adversely affect our financial position and results of operations.

As of December 31, 2012 and March 31, 2013, we had goodwill of $13.2 million and intangible assets of $18.7 million and $17.0 million, respectively, which together represented 76% and 71%, respectively, of our total assets as of such date. We do not amortize goodwill and intangible assets with indefinite useful lives; rather, such assets are required to be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that the assets may be impaired. During the period ended December 31, 2012, we recognized $1.6 million of goodwill and intangible asset impairments as a result of valuations to determine the fair value of Liquid Partners. With respect to the GMA software, certain negative events could occur which could result in an impairment loss. Such potential negative events could relate to: (1) revenue generated and the acceptance of the software in the marketplace, (2) the research and development expenses required to maintain and develop future versions of the software, (3) the life cycle of the software becoming shorter or longer than

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anticipated based on changing market and competitive conditions, and (4) changes to the expected cash flow due to macroeconomic and industry factors. Significant revenue growth resulting in a significant increase in cash flows will be necessary to support the recoverability of the carrying value of the GMA software. If there is not a significant increase in cash flows related to the GMA software, an impairment charge is reasonably likely. In the future, we may be required to take additional charges to our operating results if we experience further impairments, which would adversely affect our financial position and our results of operations. Since our growth strategy will likely involve the acquisition of other businesses, assets or technologies, we may record additional goodwill and intangible assets in the future. The possible write-off of this goodwill and intangible assets could harm our financial position and results of operations.

Defects, errors or vulnerabilities in our products or services or the failure of our products or services to perform could materially and adversely affect us and cause our stock price to decline significantly.

Because our products and services are complex, they may contain design defects or errors, such as defects related to performance and scalability, which may not be detected until after their commercial release and deployment to our customers. Our platform may experience technical failures and delays or may fail to meet the requirements of our customers, either of which could temporarily or permanently disrupt our customers' operations and could cause them significant financial and reputational harm.

Any defects, errors or vulnerabilities in our products and services could result in:

- expenditure of significant financial and product development resources in efforts to analyze, correct, eliminate or work around defects or errors or to address and eliminate vulnerabilities;
- loss of existing or potential customers;
- delayed or lost revenue;
- delay or failure to attain market acceptance;
- litigation; and
- negative publicity and reputational harm to us.

Any of the foregoing could materially and adversely affect us and cause our stock price to decline significantly.

We rely on a third-party service provider to host some of our platform and any interruptions or delays in services from this third-party could interrupt the delivery of our products and services and negatively impact our business.

We currently outsource our data center hosting services to a third-party service provider. We do not control the operation of the third-party service provider's facilities. These facilities may be vulnerable to damage or interruption from natural disasters, fires, power loss, telecommunications failures and similar events. They may also be subject to cyber-terrorism, human error, break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. The occurrence of any of these events, a decision by our third-party service provider to close one or more of its facilities without adequate notice to us or other unanticipated events which may be out of our control could result in lengthy interruptions in our service and could negatively impact our business.

Our customers' inability to access the Internet, network or software failures, security breaches and other interruptions in technology could impair the delivery of our products and services and negatively impact our business.

The availability of our platform could be interrupted by a number of factors, including our customers' inability to access the Internet, the failure of our network or software systems due to human or other error, security breaches or ability of the infrastructure to handle spikes in customer usage. Furthermore, our ability to

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collect and report data may be interrupted by a number of other factors, including our ability to access the Internet, the failure of our network or software systems or variability in user traffic on customer websites. In addition, cyber-terrorism, break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct may negatively impact our platform or cause us to lose data, and any of these occurrences could expose us to system disruptions, negative publicity, reputational harm or litigation. If we are required to indemnify or are otherwise liable to customers or third parties for damages that may occur resulting from these events, we could be materially and adversely affected and our stock price could decline significantly.

If our security measures are breached or unauthorized access to customer data is otherwise obtained, our products and services may be perceived as not being secure, we may lose sales and customers and we may incur significant liabilities.

Our products and services involve the storage and transmission of our customers' proprietary information and security breaches could expose us to a risk of loss or unauthorized disclosure of this information, litigation and possible liability, as well as damage to our relationships with our customers. If our security measures are breached as a result of third-party action, employee error, malfeasance or otherwise, during the transfer of data to additional data centers or at any other time, and, as a result, someone obtains unauthorized access to our data or our customers' data, our reputation could be damaged, our business may suffer and we could incur significant liability.

Techniques used to obtain unauthorized access or to sabotage technology systems change frequently and generally are not discovered or recognized until a security breach has occurred. As a result, we may be unable to anticipate these threats or to implement adequate preventative measures. If an actual or perceived security breach occurs, the market perception of our security measures could be damaged and our business could be negatively impacted. Any violations of data privacy could result in the loss of business, litigation and regulatory investigations and penalties that could damage our reputation and adversely affect us. Moreover, if a security breach occurs with respect to one of our competitors, our customers and potential customers may lose trust in the security of the SaaS business model generally, which could adversely impact our ability to retain existing customers or attract new customers.

Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data or our customers' data, which could result in significant legal and financial exposure and a loss of confidence in the security of our service and could ultimately negatively impact our business and future business prospects. A party who is able to compromise the security of our facilities could misappropriate either our proprietary information or the personal or proprietary information of our customers, or cause interruptions or malfunctions in our operations. We may be required to expend significant capital and financial resources to protect against such threats or to alleviate problems caused by breaches in security. Litigation brought against us regarding security breaches or unauthorized access to customer information could be costly, could divert management's attention and may result in significant liability.

Our employees may engage in misconduct or other improper activities which could materially and adversely affect us and cause our stock price to decline significantly.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include the misappropriation of funds, intellectual property, or our customers' proprietary information. Employee misconduct is not always possible to deter or prevent, and any precautions we may take to prevent and detect this activity may not be effective in all cases. We may incur negative publicity and reputational harm as a result of any improper activities by our employees. In addition, any employee fraud or misconduct may give rise to litigation, which could be time-consuming to our management team, costly and could have a material adverse effect on us and cause our stock price to decline significantly.

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Our business is subject to the risks of warranty claims, service credits, product liability, product defects and network defects.

Despite testing prior to their release, software products frequently contain undetected errors, defects or security vulnerabilities, especially when initially introduced or when new versions are released. Errors in our platform could affect the ability of our platform to work with other hardware or software products, impact functionality and delay the development or release of new software or new versions of software and adversely affect market acceptance of our platform. Any such errors or delays in releasing new products or new versions of products, or allegations of unsatisfactory performance, could cause us to lose revenue or market share, increase our service costs through service credits, cause us to incur substantial costs in redesigning our products and services, cause us to lose significant customers, subject us to liability for damages and divert our resources from other tasks, any one of which could materially and adversely affect us. To work effectively, our platform must successfully interoperate with products and services from other vendors. As a result, when problems occur in a network, it may be difficult to identify the sources of these problems. The occurrence of any such problems could materially and adversely affect us and cause our stock price to decline significantly.

Although we have limitation of liability provisions in our standard terms and conditions of sale, such provisions may not fully or effectively protect us from warranty claims as a result of federal, state or local laws or ordinances, or unfavorable judicial decisions in the United States or other countries. The sale and support of our products and services also entail the risk of product liability claims. We maintain insurance to protect against certain claims associated with the use of our products and services, but our insurance coverage may not adequately cover any claim asserted against us. In addition, even claims that ultimately are unsuccessful could result in our expenditure of funds in litigation, divert management's time and other resources and harm our reputation.

We may be unable to obtain patent rights that effectively protect our integrated technology platform and our other intellectual property rights may not be sufficient to effectively protect our products and technology, which could subject us to increased competition that could negatively impact our business.

We rely, and expect to continue to rely, on a combination of confidentiality and license agreements with our employees, consultants, and third parties with whom we have relationships, as well as trademark, copyright, patent and trade secret protection laws, to protect our products and technology. We have filed a utility patent application with the USPTO containing claims that covers certain aspects of our integrated technology platform and will continue to evaluate our technology to identify patentable inventions and, if appropriate, file patent applications to cover such inventions. To date, we have not been issued any patents in respect of our technology platform. We cannot assure you that a valid patent will issue from our pending application, and the claims allowed on any patent that does issue on our pending application may not be sufficiently broad to effectively protect our technology platform. Any patent that issues on our pending application and any other issued patents that we may obtain may be challenged, invalidated or circumvented, and any rights granted under any patent we may obtain may not actually provide adequate defensive protection or competitive advantages to us. Patent applications in the United States are typically not published until 18 months after filing, or, in some cases, not at all, and publications of discoveries in industry-related literature lag behind actual discoveries. We cannot be certain that we were the first to make the inventions claimed in our pending patent application or that we were the first to file for patent protection. If we are unable to show that we were the first to make the inventions claimed in our pending patent application or that we were the first to file for patent protection, a patent may not issue on our pending patent application or any patent that does issue may be invalidated following issuance. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may not be able to prosecute our pending patent application (or any future patent applications that we may file) at a reasonable cost or in a timely manner. In addition, recent changes to the patent laws in the United States may bring into question the validity of certain categories of software patents. As a result, we may not be able to obtain adequate patent protection for our software or effectively enforce any patents that issue in the future that cover our software.

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In addition to seeking patent protection for certain aspects of our integrated technology platform, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. We generally enter into confidentiality or license agreements with our employees, consultants, vendors, and customers, and generally limit access to, and use or distribution of, our proprietary information. However, we cannot assure you that we have entered into such agreements with all parties who may have or have had access to our confidential information or that the agreements we have entered into will not be breached or, if breached, we will be able secure effective remedies for the breach. We also cannot assure you that any of the measures we have taken will prevent misappropriation or infringement of our technology. In addition, the intellectual property laws of some foreign countries are less protective than those of the United States, and we may be unable to effectively enforce any intellectual property rights we may have in many foreign countries.

Attempts to enforce our rights against third parties could also provoke these third parties to assert their own intellectual property or other rights against us. If we obtain any issued patents in the future, this could result in a holding by the USPTO or any foreign patent agency that invalidates or narrows the scope of these issued patents, in whole or in part. If we are unable to obtain intellectual property rights that effectively protect our integrated technology platform and our products (including intellectual property other than patent rights), we may find ourselves at a competitive disadvantage to others who need not incur the additional expense, time, and effort required to create our innovative products and services. Any of these events, individually or in the aggregate, could materially and adversely affect us and cause our stock price to decline significantly.

If we infringe the intellectual property rights of others, we may incur additional costs or be prevented from providing certain products and services to our customers, which could materially and adversely affect us and cause our stock price to decline significantly.

We cannot be certain that our products or services do not infringe the intellectual property rights of others and we may be subject to litigation and claims, including claims of misappropriation of trade secrets or infringement of patents, copyrights and other intellectual property rights of third parties. If any of these claims were to be brought, they would be time-consuming and costly to resolve and may lead to unfavorable judgments or settlements. If we were to discover that our products or services infringe the intellectual property rights of third parties, we could be required to make substantial changes to our products or services or obtain licenses from such third parties. We may not be able to obtain such licenses on favorable terms or at all, and we may be unable to change our products or services so that they provide the required functionality without infringing the third party's intellectual property rights or to make the requisite changes in a timely or cost-effective manner. Failure to resolve an infringement matter successfully or in a timely manner may damage our reputation and force us to incur significant costs, including payment of damages to the owner of the intellectual property rights that are infringed, costs of developing modified or replacement technology or products, and diversion of management's attention, as well as prevent us from providing certain products or services, which could materially and adversely affect us and cause our stock price to decline significantly.

We may become involved in lawsuits to protect or enforce any patents we obtain or other intellectual property rights, which could be expensive and time-consuming.

Competitors may infringe on our intellectual property. From time to time, we may need to take legal action to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. This can be expensive, particularly for a company of our size, and time-consuming. In addition, if we obtain a patent in the future and bring an action against an infringer of the patent, the court in the action may decide that the patent is not valid or is unenforceable, or may refuse to stop the other party from using the patent at issue on the grounds that our patent claims do not cover the other party's technology or products. An adverse determination in any litigation or defense proceedings could put one or more of any future patents we may obtain at risk of being invalidated or interpreted narrowly and could put our patent application at risk of not issuing. Proceedings brought before the

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USPTO may be necessary to determine the priority of inventions with respect to our pending patent application. The results of infringement litigation or interference proceedings may be adverse and, even if successful, the litigation or proceedings may result in substantial costs to our business and distraction to our management. We may not be able to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as the laws of the United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, during the course of this type of litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If investors perceive these results to be negative, our stock price could decline.

Our current research and development efforts may not produce successful products and services or features that result in significant revenue, cost savings or other benefits in the near future, if at all, which could materially and adversely affect us and cause our stock price to decline significantly.

Developing our products and services and related enhancements is expensive. Our investments in research and development may not result in significant design improvements, marketable products and services or features or may result in products and services that are more expensive than anticipated. Additionally, we may not achieve the cost savings or the anticipated performance improvements we expect, and we may take longer to generate revenue, or generate less revenue, than we anticipate. Our future plans include significant investments in research and development and related product opportunities. We believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position. However, we may not receive significant revenue, cost savings or other benefits from these investments in the near future, if at all, which could materially and adversely affect us and cause our stock price to decline significantly.

Our failure to obtain the capital necessary to expand our operations and invest in new products and services could reduce our ability to compete, which could materially and adversely affect us and cause our stock price to decline significantly.

Although we expect that our existing cash and cash equivalents, together with our net proceeds from this offering and cash generated from our operations, will be sufficient to meet our anticipated operating cash needs for at least the next twelve months, we cannot assure you that we will not need to raise additional funds to finance the growth of our business, make acquisitions or for other reasons. We may not be able to obtain additional equity or debt financing on favorable terms, if at all. If we raise additional equity financing, our stockholders may experience significant dilution of their ownership interests and the per share value of our common stock could decline. Furthermore, if we engage in debt financing, our leverage would increase and the holders of debt would have priority over the holders of our common stock. Furthermore, we may become subject to covenants that restrict our ability to incur additional indebtedness and operate our business in the manner we desire. We may also be required to take or become subject to other actions that are in the interests of the debt holders and to the detriment of the holders of our common stock, such as any foreclosure pursuant to secured debt or any requirement that we maintain specified liquidity or satisfy other financial ratios or covenants. Any of these restrictions or requirements could prevent us from expanding our operations and investing in new products and services, which could reduce our ability to compete, materially and adversely affect us and cause our stock price to decline significantly.

Our ability to sell our products is dependent in part on the quality of our technical support services, and our inability to offer high quality technical support services could adversely affect our customers' satisfaction with our products and services and could materially and adversely affect us and cause our stock price to decline significantly.

Once our products are deployed within our customers' networks, our customers depend on our technical support services to resolve any issues relating to our products. If we do not effectively assist our customers in deploying our products, succeed in helping our customers quickly resolve post-deployment issues and provide

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effective ongoing support, our ability to sell additional products and services to existing customers would be adversely affected and our reputation with potential new customers could be damaged. Many large institutional customers will require higher levels of support than smaller customers. If we fail to meet the requirements of the larger customers, it may be more difficult to execute on our strategy to increase our market share with large institutional customers. As a result, our failure to maintain quality technical support services could materially and adversely affect us and cause our stock price to decline significantly.

We depend on the services of prime brokers to provide our customers with access to financial markets. The loss of one or more of our prime brokerage relationships could adversely affect our customers' ability to access the financial markets, reduce our customer satisfaction, lead to reduced new customer opportunities for us and otherwise adversely affect our business.

We depend on the services of prime brokers to assist in providing our customers with access to financial markets. We currently have established four prime brokerage relationships. We depend, in part, on our prime brokers for connectivity to the financial markets and the loss of one or more of our prime brokerage relationships may affect our customers' ability to execute transactions and their satisfaction with our products and services and could negatively affect our business. In addition, our prime brokerage relationships are a potential source of new customer referrals for us. As a result, the loss of one or more of these relationships could adversely affect our ability to draw on those relationships as a source of potential new customers for our products and services and otherwise adversely affect our business.

We generally indemnify clearing firms and prime brokers to whom we introduce prime brokerage customers against certain losses, liabilities and claims; as a result, defaults by these customers and other losses incurred by clearing firms and prime brokers as a result of these relationships could have a material adverse effect on our business, financial condition and operating results.

As a derivative of our technology business, we introduce prime brokerage customers to clearing firms and prime brokers. These clearing firms may extend margin credit to our customers and these customers may execute transactions that expose them to risk beyond their invested capital. Pursuant to our agreements with the clearing firms and prime brokers, we generally indemnify and hold the clearing firms and prime brokers harmless from certain losses, liabilities and claims, including those where our customers fail to make payments or deliver securities when due, or fail to meet margin or maintenance calls. Our customers' use of margin credit may expose us to significant off-balance-sheet risk in the event that collateral requirements of the clearing firms or prime brokers are not sufficient to fully cover losses that customers may incur and if those customers fail to satisfy their obligations.

We may acquire other businesses, assets or technologies, which could require significant management attention, disrupt our business, dilute the value of our common stock and adversely affect our operating results.

As part of our business strategy, we have historically made a number of acquisitions and may continue to acquire or make investments in other companies, assets or technologies which we believe are complementary to our business. We may not be able to find suitable acquisition candidates, and we may not be able to complete such acquisitions on favorable terms, if at all. If we do complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisitions we complete could be viewed negatively by our customers, investors and securities analysts. We may not have sufficient management, financial and other resources to integrate any such future acquisitions or to successfully operate new businesses and we may be unable to profitably operate our expanded company. We may have to pay cash, incur debt or issue equity securities to pay for any such acquisition or investment, and we cannot assure you that we will have sufficient liquidity to fund such transaction from internal funds or have access to sufficient capital on favorable terms, if at all. Any such funding could adversely affect our financial condition and liquidity or the value of our common stock. The sale of equity securities or incurrence of debt to finance any such acquisitions or investments could

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result in dilution to our stockholders or increase our leverage, as the case may be. The incurrence of indebtedness would result in increased fixed obligations and could also include covenants or other restrictions that would impede our ability to manage our operations and may require collateral that would be subject to foreclosure upon any default.

We are subject to litigation risk, which could adversely affect our reputation, and could materially and adversely affect us and cause our stock price to decline significantly.

Many aspects of our business involve risks that expose us to liability under U.S. federal and state laws, as well as the rules and enforcement efforts of our regulators and self-regulatory organizations worldwide. These risks include, among others, disputes over trade terms with customers and other market participants, customer losses resulting from system delay or failure, customer claims that we or our employees executed unauthorized transactions or made materially false or misleading statements and claims by employees against us. For more information, including information regarding certain settled and asserted claims against us, see the section titled "Business—Legal Proceedings" in this prospectus. We may also be subject to regulatory investigation and enforcement actions seeking to impose significant fines or other sanctions, which in turn could trigger civil litigation for our operations that may be deemed to have violated applicable rules and regulations in various jurisdictions.

The volume of claims and the amount of damages and fines claimed in litigation and regulatory proceedings against financial services firms have been increasing, particularly in the current environment of heightened scrutiny of financial institutions. Dissatisfied customers may make claims against us regarding the quality of trade execution, improperly settled trades, mismanagement or even fraud, and the number or likelihood of claims may increase as our business expands.

Even if we prevail in any litigation or regulatory proceedings against us, we could incur significant legal expenses defending against such claims, even those without merit. Moreover, because even claims without merit can damage our reputation or raise concerns among our existing customers or potential customers, we may feel compelled to settle claims at a significant cost. The initiation of any claim, proceeding or investigation against us, or an adverse resolution of any such claim, proceeding or investigation, could adversely affect our reputation and materially and adversely affect us and cause our stock price to decline significantly.

Failure to comply with governmental laws and regulations could harm our business, materially and adversely affect us and cause our stock price to decline significantly.

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, federal securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, revocation of licenses required for certain business lines, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, we could be materially and adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in legal and professional costs and expenses. We provide passive communication technology to institutional investors, such as money managers and hedge funds, that enables such investors to communicate with executing brokers, prime brokers and clearing firms with respect to securities orders that such investors may place with third party brokers through our platform. We do not conduct our technology business in or through our broker-dealers. As such, we must ensure that our technology activities and our compensation structure therefor would not result in our acting as an unregistered broker-dealer or investment adviser that could subject us to, among other things, regulatory enforcement actions, monetary fines, restrictions on the conduct of our technology business and rescission/damages claims by customers who use our

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technology. Our failure to comply with any laws or regulations, or the costs associated with defending any action alleging our noncompliance with any laws or regulations, could materially and adversely affect us and cause our stock price to decline significantly.

Extensive regulation of certain of our subsidiaries results in our exposure to the potential for penalties and fines and our failure to comply with such regulation could materially and adversely affect us and cause our stock price to decline significantly.

Companies in the financial services industry, including certain of our businesses, have experienced increased scrutiny in recent years and penalties and fines sought by regulatory authorities, including the SEC, FINRA, CFTC, NFA, state securities commissions, state attorneys general and the FCA, have increased accordingly. This regulatory and enforcement environment may create uncertainty.

Certain of our subsidiaries are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which they operate. Many of these regulators, including U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or suspension or expulsion. In addition, we are subject to control person liability with respect to our regulated subsidiaries, which could impose liability on us for certain violations of those subsidiaries. "Associated persons" of ours may, in the future, be subject to investigations that may result in disciplinary actions by the SEC, self-regulatory organizations and state securities administrators. Self-regulatory organizations such as FINRA and the NFA, along with statutory bodies such as the SEC and the FCA, require strict compliance with their rules and regulations. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us and our regulated subsidiaries.

Future legislation and/or regulation, and uncertainties resulting from the possibility of legislation and/or regulation, could adversely impact our business. Failure to comply with any of these laws, rules or regulations could result in fines, limitations on business activity, suspension or expulsion from the industry, any of which could materially and adversely affect us and cause our stock price to decline significantly.

We are required to maintain mandated levels of capital, which could constrain our growth and subject us to regulatory sanctions.

The SEC, CFTC, NFA, FINRA, FCA and other U.S. and non-U.S. regulators have stringent rules requiring that we maintain specific minimum levels of regulatory capital in our broker-dealer and independent introducing broker subsidiaries. As of December 31, 2012, on a separate company basis, we were required to maintain at least approximately $1.2 million of minimum net capital in the aggregate across all jurisdictions. Effective March 26, 2013, we were required to maintain at least approximately $209,000 of minimum net capital in the aggregate as a result of Liquid Futures changing its regulatory status from a non-clearing FCM to an independent introducing broker. Regulators continue to evaluate and modify minimum capital requirements from time to time in response to market events and to improve the stability of the international financial system. For example, the FCA recently increased capital requirements in the United Kingdom and may do so again in the future. Additional revisions to this framework or new capital adequacy rules applicable to us may be proposed and ultimately adopted, which could further increase our minimum capital requirements in the future.

Even if regulators do not change existing regulations or adopt new ones, our minimum capital requirements will generally increase in proportion to the size of our business conducted by our regulated subsidiaries. As a result, we will need to increase our regulatory capital in order to expand our operations and increase our revenue, and our inability to increase our capital on a cost-efficient basis could constrain our growth. In addition, in many cases, we are not permitted to withdraw regulatory capital maintained by our subsidiaries without prior regulatory approval or notice, which could constrain our ability to allocate our capital resources most efficiently throughout our operations. In particular, these restrictions could limit our ability to pay dividends or make other

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distributions on our common stock if our Board of Directors determines, in its sole discretion, to declare and pay dividends on our common stock in the future and, in some cases, could adversely affect our ability to withdraw funds needed to satisfy our ongoing operating expenses, debt service and other cash needs.

Regulators monitor our levels of capital closely. We are required to report the amount of regulatory capital we maintain to our regulators on a regular basis, and to report any deficiencies or material declines promptly. While we expect that our current amount of regulatory capital will be sufficient to meet anticipated short-term increases in requirements, any failure to maintain the required levels of regulatory capital or to report any capital deficiencies or material declines in capital could result in severe sanctions, including fines.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our operating results could fall below expectations of securities analysts and investors, which could result in a significant decline in our stock price.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies," the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to share-based compensation and business combinations. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors and result in a significant decline in our stock price.

We currently conduct a portion of our business outside of the United States and our long-term success depends, in part, on our ability to expand our sales to customers outside the United States. As a result, our business is susceptible to risks associated with international operations.

We currently operate in the United States and Europe and are contemplating possible expansion into Asia, including possible business opportunities in China. As we continue to expand the sale of our products and services to customers located outside the United States, our business will be increasingly susceptible to risks associated with international operations. Our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to particular challenges of supporting a rapidly growing business in an environment of diverse cultures, languages, customs, business practices, legal systems, alternate dispute systems and regulatory systems. The risks and challenges associated with international expansion include:

- continued localization of our products and services, including translation into foreign languages and associated expenses;
- laws and business practices favoring local competitors;
- compliance with multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- compliance with anti-bribery laws, including compliance with the Foreign Corrupt Practices Act;
- regional data privacy laws that apply to the transmission of our customers' data across international borders;
- ability to provide local data hosting services;
- different pricing environments, including invoicing and collecting payment in foreign currencies and associated foreign currency exposure;

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- exposure to adverse movements in foreign currency exchange rates;
- difficulties in staffing and managing foreign operations and the increased travel, infrastructure and legal and compliance costs associated with international operations;
- different or lesser protection of our intellectual property rights;
- difficulties in enforcing contracts and collecting accounts receivable, longer payment cycles and other collection difficulties; and
- regional economic and political conditions.

If we are unable to successfully manage the challenges of international operations and expansion, our growth could be limited, and we could be materially and adversely affected.

Our insurance coverage may be inadequate to cover all potential liability which could materially and adversely affect us and cause our stock price to decline significantly.

We maintain director and officer liability insurance, but such insurance may be inadequate or may not be available in the future on acceptable terms, or at all. We do not currently maintain errors and omissions insurance. If we do not have adequate insurance to cover our liability, we could be materially and adversely affected and our stock price could decline significantly.

We also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on our audit committee and human resources and compensation committee, and qualified executive officers.

Risks Related to this Offering, Our Common Stock and Our Organizational Structure

The price of our common stock may be volatile and the value of your investment could decline.

Technology stocks have historically experienced high levels of volatility. Our stock price following this offering may fluctuate substantially. Following the completion of this offering, our stock price may be higher or lower than the price you paid in this offering, depending on many factors, some of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in our stock price include the following:

- changes in financial markets or general economic conditions;
- market acceptance and performance of our products and services;
- defects and errors in our products or services;
- system failures and disruptions;
- the loss of executives or other key employees and our failure to recruit and retain qualified personnel;
- failure to protect or enforce our intellectual property rights in our proprietary technology;
- competition from firms with greater financial, technical and marketing resources and access to capital than we have and related competitive pressures;
- issuances or sales of common stock by us or members of our management team or our Board of Directors;
- changes in securities analyst recommendations or earnings estimates regarding our common stock, other comparable companies or our industry generally;

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- actual or anticipated fluctuations in our operating results or future prospects;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- significant customer or contract losses; and
- our ability to raise additional capital on favorable terms as needed.

Issuances or sales of substantial amounts of our common stock in the public markets, or the perception that additional issuances or sales of our common stock might occur, could reduce the price of our common stock and may dilute your voting power and your ownership interest in us.

Issuances or sales of a substantial number of shares of our common stock in the public market after this offering, or the perception that these issuances or sales could occur, could adversely affect our stock price and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Upon the closing of this offering, we will have approximately 24,458,168 outstanding shares of common stock (24,922,406 if the underwriter exercises its over-allotment option in full).

All of the shares of common stock sold in this offering will be freely tradable and transferable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by any "affiliate" of ours, as that term is defined in Rule 144 under the Securities Act, including, without limitation, the shares to be purchased by Mr. Ferdinand in the direct offering.

Subject to certain exceptions described under the section titled "Underwriting" we and all of our directors and executive officers and substantially all of our stockholders have agreed not to offer, sell or agree to sell, directly or indirectly, any shares of common stock without the permission of the underwriter for a period of 180 days from the date of this prospectus. When the lock-up period expires, we, our directors and officers and our locked-up stockholders will be able to sell our shares in the public market (subject to any legal limitation on sales by affiliates and any other legal restrictions). In addition, the underwriter may, in its sole discretion, release all or some portion of the shares subject to lock-up agreements prior to the expiration of the lock-up period. See the section titled "Shares Eligible for Future Sale" for more information.

After the completion of this offering, holders of up to 17,907,714, or approximately 73.2%, of the outstanding shares of our common stock will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. All shares of our common stock held by our existing stockholders are "restricted securities" as defined in Rule 144. These restricted securities were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act. Of these shares, we expect that 8,194,151 shares will be available for public sale under Rule 144 without limitation upon the expiration of the 180-day lock-up period pursuant to the lock-up agreements entered into by these stockholders with the underwriter, assuming we are in compliance with the current public information requirements of Rule 144. We expect that the remaining 14,891,196 of these shares will be available for public sale pursuant to Rule 144 upon expiration of the lock-up period subject to volume limitations, manner of sale restrictions and other limitations applicable to sales of our securities by affiliates of us. We also intend to register the offer and sale of the shares of common stock that we may issue under our equity compensation plans on a registration statement on Form S-8 shortly following completion of this offering and prior to the expiration of the lock-up period referenced above. See the sections titled "Executive Compensation—Equity Incentive Plan" and "Shares Eligible for Future Sale" for more information.

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Insiders will continue to have substantial control over us after this offering, which could limit your ability to influence the outcome of key transactions, including a change of control.

Our directors, executive officers and each of our stockholders who own greater than 5% of our outstanding common stock and their affiliates, in the aggregate, will beneficially own approximately 70% of the outstanding shares of our common stock immediately after this offering. As a result, these stockholders will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately adversely affect the market price of our common stock.

We cannot assure you that an active trading market will develop or be sustained for our common stock or the market price at which our common stock will trade.

Although our common stock has been approved for listing on the NASDAQ Global Market, we cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. We cannot predict the prices at which our common stock will trade. The initial public offering price of our common stock was determined by negotiations with the underwriter and may not bear any relationship to the market price at which our common stock will trade after this offering or to any other established criteria of the value of our business.

Messrs. Ferdinand and Von Allmen have agreed to purchase an aggregate of $16.2 million of our shares of common stock in this offering at the initial public offering price per share. The shares purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. Such purchases will reduce the available public float for our shares because these stockholders will be restricted from selling their shares under applicable securities laws and the lock-up agreements described in the sections titled “Shares Eligible for Future Sale” and “Underwriting.” As a result, the liquidity of our common stock will be reduced from what it would have been if these shares had been purchased by investors that were not affiliated with us.

We have broad discretion in the use of the net proceeds that we receive from this offering.

Although we currently intend to use the net proceeds to us from this offering in the manner described in the section titled “Use of Proceeds,” we will have broad discretion in the application of the net proceeds. Shareholders may not agree with such uses and the net proceeds may be used for corporate purposes that do not increase our operating results or market value. Until the net proceeds are used, they may be placed in investments that do not produce income or that lose value. Our failure to apply the net proceeds effectively could affect our ability to continue to develop and sell our products and services and grow our business, which could cause the value of your investment to decline.

The requirements of being a public company will strain our resources and divert management’s attention.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the listing requirements of the NASDAQ Global Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly, and increase demand on our systems and resources, particularly after we no longer qualify as an “emerging growth company” as defined in the recently enacted Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and operating results and maintain effective disclosure controls and procedures and internal control over financial

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reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and operating results. Although we have already hired a Chief Financial Officer, General Counsel and a controller to help us to comply with these requirements, we may need to hire more employees in the future, which will increase our operating costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expense and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business and operating results may be harmed.

The JOBS Act will allow us to postpone the date by which we must comply with certain laws and regulations intended to protect investors and to reduce the amount of information we provide in our reports filed with the SEC.

The JOBS Act is intended to reduce the regulatory burden on "emerging growth companies." As defined in the JOBS Act, a public company whose initial public offering of common equity securities occurred after December 8, 2011 and whose annual gross revenue is less than $1.0 billion will, in general, qualify as an "emerging growth company" until the earliest of:

- the last day of its fiscal year following the fifth anniversary of the date of its initial public offering of common equity securities;
- the last day of its fiscal year in which it has annual gross revenue of $1.0 billion or more;
- the date on which it has, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and
- the date on which it is deemed to be a "large accelerated filer," which will occur at the time the company (a) has an aggregate worldwide market value of common equity securities held by non-affiliates of $700 million or more as of the last business day of its most recently completed second fiscal quarter, (b) has been required to file annual and quarterly reports under the Exchange Act for a period of at least 12 months and (c) has filed at least one annual report pursuant to the Exchange Act.

Under this definition, we will be an "emerging growth company" upon completion of this offering and we could remain an emerging growth company until as late as December 31, 2018.

The JOBS Act provides that, so long as a company qualifies as an "emerging growth company," it will, among other things:

- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;
- be exempt from the "say on pay" provisions (requiring a non-binding stockholder vote to approve compensation of certain executive officers), the "say on golden parachute" provisions (requiring a non-binding stockholder vote to approve golden parachute arrangements for certain executive officers in

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connection with mergers and certain other business combinations) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, and certain disclosure requirements of the Dodd-Frank Act relating to compensation of its chief executive officer;

- be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Exchange Act and instead provide a reduced level of disclosure concerning executive compensation;
- be permitted to delay compliance with new or revised financial accounting standards available under Section 102(b) of the JOBS Act; and
- be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or a supplement to the auditor's report on the financial statements.

Although we are still evaluating the JOBS Act, we currently intend to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us so long as we qualify as an "emerging growth company," except that we have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act.

Our qualification as an "emerging growth company" means that our independent registered public accounting firm will not be required to provide an attestation report on the effectiveness of our internal control over financial reporting, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an "emerging growth company," we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we would otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. As a result, investor confidence in our company and the market price of our stock price may be adversely affected.

As a public reporting company, we will be subject to rules and regulations established from time to time by the SEC and NASDAQ regarding our internal control over financial reporting. We may not complete needed improvements to our internal control over financial reporting in a timely manner, or our internal control over financial reporting may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock and your investment.

Upon completion of this offering, we will become a public reporting company subject to the rules and regulations established from time to time by the SEC and NASDAQ. These rules and regulations will require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. As of December 31, 2012, material weaknesses existed in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, that creates a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. See the information under the heading "—If we fail to remediate our current material weaknesses and deficiencies in our internal control over financial reporting or we are unable to implement and maintain effective internal control over financial reporting in the future, the accuracy and timeliness of our financial reporting may be adversely affected, our reputation could be harmed and our stock price could decline significantly."

Reporting obligations as a public company are likely to place a considerable strain on our financial and management systems, processes and controls, as well as on our personnel. In addition, as a public company we will be required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal controls over financial reporting by the time our annual report for the year ending December 31, 2014 is due and thereafter, which will require us to document and make significant changes to our internal control over financial reporting.

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Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting at such time that we cease to be an “emerging growth company,” as defined in the JOBS Act, although, as described in the preceding risk factor, we could potentially qualify as an “emerging growth company” until December 31, 2018. As a result, we will be required to improve our financial and managerial controls, reporting systems and procedures, to incur substantial expenses to test our systems and to make such improvements and to hire additional personnel. If our management is unable to certify the effectiveness of our internal control over financial reporting or if our independent registered public accounting firm cannot deliver (at such time as it is required to do so) a report attesting to the effectiveness of our internal control over financial reporting, or if we identify or fail to remediate material weaknesses in our internal control over financial reporting, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our reputation and the market price of our common stock. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could materially and adversely affect us and cause our stock price to decline significantly.

Because the initial public offering price of our common stock is substantially higher than the pro forma net tangible book value per share of our outstanding common stock, new investors will experience immediate and substantial dilution.

The initial public offering price is substantially higher than the pro forma net tangible book value per share of our common stock as of March 31, 2013, after giving effect to the issuance of shares of our common stock in this offering, based on the total value of our pro forma tangible assets less our total liabilities. Therefore, if you purchase shares of our common stock in this offering, you will experience immediate dilution of $8.41 per share, the difference between the price per share paid for our common stock in this offering and its pro forma net tangible book value per share as of March 31, 2013, after giving effect to the issuance of shares of our common stock in this offering. See the section titled “Dilution” for more information.

If securities or industry analysts do not publish research or reports about us, or publish inaccurate or unfavorable research or reports about us, our stock price and trading volume could decline.

The trading market for our common stock will, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our stock or change their opinion of our stock, our stock price would likely decline. If one or more of these analysts should cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could also cause our stock price or trading volume to decline.

We do not anticipate paying any cash dividends on the shares of our common stock.

We have not declared or paid any cash dividends since our formation and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Because we do not intend to pay any dividends for the foreseeable future, you may need to sell your shares of common stock to realize your return on your investment, and you may not be able to sell your shares at or above the price you paid for them in this offering. Any determination to pay dividends in the future will be at the sole discretion of our Board of Directors. Accordingly, we may never pay dividends on the shares of our common stock. In addition, our ability to pay any dividends to our stockholders depends on the performance of our subsidiaries and their ability to distribute cash to us through distributions and dividends. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, our and our subsidiaries’ strategic plans, financial results and conditions, liquidity, contractual, legal, financial and regulatory prohibitions and other restrictions on distribution and dividends, capital requirements and business prospects and such other factors as considered to be relevant to such determination.

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Our organizational documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

Our certificate of incorporation and bylaws that will be in effect upon completion of this offering contain provisions that could prevent, delay or deter a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include:

- a classified Board of Directors with three-year staggered terms and directors can only be removed for cause, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the Chairman of the Board, our Vice Chairman of the Board, our Chief Executive Officer, or a majority vote of our Board of Directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least $66^{2}/_{3}$% of the voting power of all of the then outstanding shares of the voting stock, voting together as a single class, to amend certain provisions of our certificate of incorporation and bylaws, which may inhibit the ability of an acquiror to effect such amendments to facilitate an unsolicited takeover attempt; and
- a provision that certain litigation against us can only be brought in the Court of Chancery of the State of Delaware.

In addition, as a Delaware corporation, we have not opted out of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for a certain period of time.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "will," "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar expressions. These statements include, among others, statements regarding our expected business outlook, anticipated financial and operating results, our business strategy and means to implement the strategy, our objectives, the amount and timing of investments by us in our business and capital expenditures, the likelihood of our success in expanding our business, financing plans, budgets, working capital needs and sources of liquidity.

Forward-looking statements are not guarantees of performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for and our ability to market our products and services, the expansion of product offerings through new applications or geographically, the timing and cost of investments by us in our business and planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results that differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict. Such factors include, but are not limited to, the following:

- market acceptance and performance of our products and services;
- general economic conditions in the markets where we operate;
- industry competition;
- competition from firms with greater financial, technical and marketing resources than us and related competitive pressures;
- failure to protect or enforce our intellectual property rights in our proprietary technology;
- intellectual property claims and challenges;
- defects and errors in our products or services;
- growth and maintenance of our customer base;
- credit quality and payment history of our customers;
- changes in the market demand for our products and services;
- our ability to keep up with rapid technological change;
- system failures and disruptions;
- non-performance of third-party vendors;
- the loss of key executives and failure to recruit and retain qualified personnel;
- the risks associated with the expansion of our business;
- our possible inability to integrate any businesses we acquire;
- compliance with laws and regulations, including those relating to the securities industry; and
- other factors discussed in the section titled "Risk Factors" or elsewhere in this prospectus.

Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements after we distribute this prospectus. Potential investors should not place undue reliance on our forward-looking statements. Before you make a decision to invest in our common stock, you should be aware that the occurrence of any of the events described in the section titled "Risk Factors" and elsewhere in this prospectus could harm our business, prospects, results of operations, liquidity and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results or performance.

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MARKET, INDUSTRY AND OTHER DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the market in which we operate, including our general expectations about our industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates, independent industry publications, government publications, reports by market research firms or other published independent sources and on our assumptions based on that data and other similar sources. Industry publications and other published sources generally state that the information contained therein has been obtained from third-party sources believed to be reliable. Internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and management's understanding of industry conditions. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors" and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by independent parties and by us.

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USE OF PROCEEDS

Our net proceeds from this offering are $17.4 million (or approximately $21.3 million if the underwriter exercises in full its over-allotment option to purchase up to 464,238 additional shares of our common stock), after deducting the underwriting discount, the fee payable in connection with the direct offering and estimated offering expenses payable by us.

We intend to use a portion of the net proceeds from this offering for investments in our technology and our sales and marketing functions, and for working capital and general corporate purposes, which may also include acquisitions of complementary businesses, products or technologies. We expect that approximately $14.76 million of the net proceeds from this offering will be available to us for these business purposes (or approximately $18.7 million if the underwriter exercises in full its over-allotment option to purchase additional shares). While we routinely engage in discussions with third parties regarding potential acquisitions in the ordinary course of our business, we do not have any current arrangements, definitive agreements or commitments with respect to any potential acquisitions, as of the date of this prospectus in which proceeds of the offering would be used.

On June 13, 2013, Mr. Schaeffer, one of our founders and a member of our Board of Directors, loaned us $250,000 to be payable in full on December 13, 2013. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or December 13, 2013. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

On July 1, 2013, Ferdinand Holdings, LLC, a Delaware limited liability company of which Mr. Ferdinand is the managing member, loaned us $250,000 to be payable in full on December 31, 2013. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or December 31, 2013. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

On July 11, 2013, Thomas Ross, a member of our Board of Directors, loaned us $250,000 to be payable in full on January 10, 2014. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or January 10, 2014. We expect to use approximately $250,400 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

We intend to purchase 105,000 shares of our common stock from Mr. Storms, our CEO and Chairman of the Board, at a price of $8.415 per share in connection with the consummation of this offering. Such purchase will be subject to, and conditioned upon, the completion of this offering. In connection with the closing of this offering, we expect to use $883,575 of the net proceeds of the offering to purchase these shares from Mr. Storms. The price per share to be paid by us in respect of these shares is equal to the public offering price per share to be received by us in this offering, less an amount equal to the underwriting discount payable per share to the underwriter in this offering.

In addition, pursuant to contractual obligations, we are required to make one time payments in an aggregate amount of approximately $1,021,000 to Messrs. Ferdinand, Schaeffer and Keller.

Except as otherwise set forth above, we cannot specify with certainty all of the particular uses of the net proceeds that we will receive from this offering. Accordingly, our management will have broad discretion over the use of the net proceeds from this offering. Furthermore, the amount and timing of our actual expenditures will depend on numerous factors, including the cash used in or generated by our operations, the status of our business and product development, the level of our sales and marketing activities and our investments and acquisitions.

Pending specific application of the net proceeds from this offering, we expect to invest the net proceeds from this offering primarily in short-term, interest bearing, investment grade securities, certificates of deposit or government securities.

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DIVIDEND POLICY

We have not declared or paid any cash distributions since our formation and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Because we do not intend to pay any dividends for the foreseeable future, you may need to sell your shares of common stock to realize your return on your investment, and you may not be able to sell your shares at or above the price you paid for them.

Any determination by us to pay dividends in the future will be at the sole discretion of our Board of Directors. As a holding company, our ability to pay dividends is subject to the ability of our subsidiaries to provide cash to us through distributions and dividends. Any distributions or dividends to us by our subsidiaries, and the declaration and payment of any future dividends by us, will depend on our and our subsidiaries' strategic plans, financial results and condition, liquidity, contractual, legal, financial and regulatory prohibitions and other restrictions on distributions and dividends, capital requirements, business prospects and such other factors as considered to be relevant to such determination.

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CAPITALIZATION

The following table sets forth our capitalization on a historical basis as of March 31, 2013, our capitalization on an unaudited, pro forma basis as adjusted for the LLC Reorganization and equity issuances made by us subsequent to March 31, 2013, and our capitalization on an unaudited, pro forma basis as further adjusted for this offering. The pro forma as further adjusted for this offering information also gives effect to additional issuances of common stock to Mr. Ferdinand and Fundsolve's former equity holders and the Company's purchase of shares from Mr. Storms, pursuant to certain contractual obligations, to occur in connection with the consummation of this offering and the intended use of proceeds of this offering as outlined in the section titled "Use of Proceeds." See the section titled "Description of Capital Stock—Authorized Capitalization" for more information regarding the issuances of common stock and the section titled "Use of Proceeds" for more information on the purchase of shares to occur in connection with the consummation of this offering. You should also read the following table in conjunction with the sections titled "Selected Historical Consolidated Financial Data," "Unaudited Pro Forma Condensed Consolidated Financial Statement," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

	Historical March 31, 2013 (Unaudited)	Pro Forma as adjusted for the LLC Reorganization and other equity issuances (Unaudited)	Pro Forma as further adjusted for this offering (Unaudited)
Assets:			
Cash and cash equivalents	$ 4,166,196	$ 4,166,196	$ 25,143,568
Liabilities:			
Contingent liability and related party payable	$ 1,619,214	1,619,214	1,619,214
Shareholders' Equity:			
Preferred Stock, $0.0001 par value; 10,000,000 shares authorized and no shares issued and outstanding	—	—	—
Common Stock, $0.0001 par value; 200,000,000 shares authorized, 18,438,727 shares issued and outstanding historical, 21,283,168 shares issued and outstanding pro forma as adjusted for the LLC Reorganization and other equity issuances, and 24,458,168 shares issued and outstanding pro forma as further adjusted for the offering	78,445,766	78,445,766	94,168,358
Accumulated deficit	(43,355,179)	(41,592,094)	(41,592,094)
Accumulated other comprehensive income	(3,514)	(3,514)	(3,514)
Total Capitalization	$ 36,706,287	$ 38,469,372	$ 54,191,964

The number of shares of our common stock to be outstanding after this offering is based on 18,438,727 shares outstanding as of March 31, 2013. The number of shares of common stock outstanding and the other information based thereon gives effect to our reorganization from a Delaware limited liability company into a Delaware corporation and the concurrent conversion of all of our outstanding common units into shares of our common stock at a ratio of 10,606.81 shares of common stock for each common unit, but does not reflect:

- any exercise by the underwriter of its over-allotment option to purchase up to 464,238 additional shares of our common stock from us;
- 1,432,185 additional shares of common stock issuable under outstanding but unvested RSUs;

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- 272,287 additional shares underlying options granted to our employees;
- additional shares underlying options granted to three of our employees having an aggregate value of $650,000 calculated using the Black-Scholes option pricing model on the date of this offering; and
- 1,378,949 additional shares of our common stock reserved for future issuance under our Stock Incentive Plan.

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DILUTION

If you invest in our common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after completion of this offering. Dilution occurs because the per share offering price of our common stock in this offering is substantially in excess of the pro forma net tangible book value per share attributable to our existing owners. Pro forma net tangible book value represents net book equity excluding intangible assets, if any.

Our pro forma net tangible book value as of March 31, 2013 was $(1,305,000), or $(0.06) per share, based on the total number of shares of our common stock outstanding as of March 31, 2013 after giving effect to the conversion; the issuance of 142,524 additional shares of common stock to Mr. Ferdinand pursuant to the anti-dilution terms of the incentive units granted to him on December 18, 2012, representing 4% of the aggregate issued and outstanding units of the Company as of the date of such grant, after giving effect to such grant, which specify that Mr. Ferdinand is entitled to an additional grant of common equity interests immediately following the consummation of this offering in order to preclude the dilution of the 4% grant; the issuance of 245,632 shares of common stock to Fundsolve's former equity holders pursuant to our share purchase agreement in respect of our acquisition of Fundsolve, equivalent to 1% of the number of our common shares to be outstanding upon completion of this offering; and the purchase of 105,000 shares of common stock from Brian Storms, our Chairman of the Board and Chief Executive Officer, as described in the section titled "Use of Proceeds." Pro forma net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of outstanding shares of common stock, after giving effect to the pro forma adjustments referenced in the section titled "Capitalization."

After giving effect to our sale in this offering of 3,175,000 shares of our common stock at the initial public offering price of $9 per share and the receipt by us of the net proceeds from this offering, after deducting the underwriting discount, the fee payable in connection with the direct offering and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2013 would have been $14,417,000 or $0.59 per share. Dilution per share to new investors is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the initial public offering price per share paid by a new investor, as illustrated in the following table:

Initial public offering price per share of common stock	$9.00
Pro forma as adjusted net tangible book value per share of common stock as of March 31, 2013	$0.59
Dilution per share to new investors	$8.41

If the underwriter exercises in full its over-allotment option to purchase up to 464,238 additional shares of our common stock, our pro forma as adjusted net tangible book value per share will be $0.74 per share, the increase in pro forma as adjusted net tangible book value per share to existing stockholders will be $0.15 per share and the dilution per share to new investors purchasing shares in this offering will be $8.26 per share.

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The following table presents, on a pro forma as adjusted basis as of March 31, 2013, as discussed above, the number of shares of common stock purchased from us, the total consideration paid to us and the average price to be paid by new investors purchasing shares of our common stock in this offering. The table reflects the initial public offering price of $9 per share before deducting the underwriting discount and estimated offering expenses:

	Shares purchased		Total consideration		Average price
	Number	Percent	Amount	Percent	per share
Existing stockholders	21,283,168	87%	$ 75,242,000[1]	72%	$ 3.54
New investors	3,175,000	13	28,575,000	28	$ 9.00
Total	24,458,168	100%	$103,817,000	100%	

(1) Consists of $18,850,000 in cash and $56,392,000 in assets contributed in exchange for equity issued. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Business Combinations, Goodwill and Other Intangibles" for a discussion of the method we used to value contributed assets.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriter's over-allotment option to purchase additional shares of our common stock. If the underwriter exercises its over-allotment option to purchase additional shares of our common stock in full, our existing stockholders will own 85% and our new investors will own 15% of the total number of shares of common stock on an as converted basis outstanding immediately after this offering.

The number of common shares outstanding in the table above does not include:

- 272,287 additional shares underlying options granted to our employees;
- additional shares underlying options granted to three of our employees having an aggregate value of $650,000 calculated using the Black-Scholes option pricing model on the date of this offering; and
- 1,378,949 additional shares of our common stock reserved for future issuance under our 2012 Amended and Restated Stock Incentive Plan, or Stock Incentive Plan.

Brian Ferdinand, one of our founders and our Vice Chairman of the Board and Head of Corporate Strategy, and Douglas Von Allmen, a beneficial owner of more than 10% of our common stock, have agreed to purchase an aggregate of $16.2 million of our shares of common stock in this offering at the initial public offering price per share. The shares purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally in the underwritten offering.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

You should read the following selected financial data together with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," the consolidated financial statements and the accompanying notes of Liquid Holdings Group, LLC, the combined financial statements and accompanying notes of Liquid Predecessor Companies, the historical financial statements of certain other entities acquired by us, and the unaudited pro forma condensed combined financial statements and related notes, included elsewhere in this prospectus.

We have presented the condensed consolidated balance sheet data as of December 31, 2012 and March 31, 2013 and the condensed consolidated statement of operations and comprehensive loss data for the period from April 24, 2012 to December 31, 2012 and for the three months ended March 31, 2013 on a historical basis based on the consolidated financial statements and the accompanying notes of Liquid Holdings Group, LLC included elsewhere in this prospectus. We have presented the condensed consolidated balance sheet data as of December 31, 2011 and the condensed consolidated statement of operations and comprehensive loss data for the periods ended April 24, 2012, December 31, 2011 and March 31, 2012 based on the combined financial statements and accompanying notes of Liquid Predecessor Companies included elsewhere in this prospectus.

The following tables set forth selected financial data on a historical basis for Liquid Holdings Group, LLC and the Liquid Predecessor Companies.

	Liquid Holdings Group, LLC		Liquid Predecessor Companies		
	For the Period From April 24, 2012 to December 31, 2012	For the Three Months Ended March 31, 2013 (Unaudited)	For the Period From January 1, 2012 to April 24, 2012	For the Three Months Ended March 31, 2012 (Unaudited)	For the Period Ended December 31, 2011
Condensed Consolidated Statement of Operations and Comprehensive Loss Data:					
Revenues:					
Brokerage activities	$ 1,295,248	$ 1,145,852	$ —	$ —	$ 63,950
Software services	1,032,534	616,612	—	—	—
Total revenues	2,327,782	1,762,464	—	—	63,950
Cost of revenues:					
Brokerage activities	817,559	747,247	—	—	47,810
Software services	690,190	577,160	—	—	—
Total cost of revenues	1,507,749	1,324,407	—	—	47,810
Gross margin	820,033	438,057	—	—	16,140
Operating expenses:					
Compensation	28,333,420	2,087,456	73,494	48,713	39,647
Consulting	3,081,002	324,732	—	5,770	—
Depreciation and amortization	2,761,703	1,824,342	6,912	4,970	—
Impairment of goodwill and intangible assets	1,550,652	—	3,300,000	—	—
Other	3,136,097	1,358,075	284,333	186,437	672,523
Total operating expenses	38,862,874	5,594,605	3,664,739	245,890	712,170
Loss from operations	(38,042,841)	(5,156,548)	(3,664,739)	(245,890)	(696,030)

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	Liquid Holdings Group, LLC For the Period From April 24, 2012 to December 31, 2012	Liquid Holdings Group, LLC For the Three Months Ended March 31, 2013 (Unaudited)	Liquid Predecessor Companies For the Period From January 1, 2012 to April 24, 2012	Liquid Predecessor Companies For the Three Months Ended March 31, 2012 (Unaudited)	Liquid Predecessor Companies For the Period Ended December 31, 2011
Non-operating income (expenses):					
Registration rights penalty expense	(1,674,704)	—	—	—	—
Gain on contingent consideration payable	1,545,000	—	3,300,000	—	—
Unrealized gain (loss) on contingent consideration payable	129,000	(34,619)	—	—	—
Other, net	(306,659)	9,877	—	—	—
Total non-operating (expense) income, net	(307,363)	(24,742)	3,300,000	—	—
Loss before income taxes	(38,350,204)	(5,181,290)	(364,739)	(245,890)	(696,030)
Income tax benefit	104,340	71,975	—	—	—
Net loss	(38,245,864)	(5,109,315)	(364,739)	(245,890)	(696,030)
Other comprehensive income (losses):					
Foreign currency translation	(18,073)	14,559	—	—	—
Total comprehensive loss	$ (38,263,937)	$ (5,094,756)	$ (364,739)	$ (245,890)	$ (696,030)
Earnings (loss) per common share:					
Basic	$ (2.46)	$ (0.26)			
Diluted	$ (2.46)	$ (0.26)			
Weighted average common shares:					
Basic	15,517,444	19,966,153			
Diluted	15,517,444	19,966,153			

	Liquid Holdings Group, LLC at December 31, 2012	Liquid Holdings Group, LLC at March 31, 2013 (Unaudited)	Liquid Predecessor Companies at December 31, 2011
Condensed Consolidated Balance Sheet Data:			
Assets:			
Cash and cash equivalents	$ 1,380,078	$ 4,166,196	$ 428,257
Note receivable from related party—QuantX	2,250,000	—	—
Other intangible assets, net of amortization	18,740,125	16,956,594	2,581,000
Goodwill	13,182,936	13,182,936	11,219,402
Other assets	6,395,492	8,301,106	300,000
Total assets	$ 41,948,631	$ 42,606,832	$ 14,528,659
Liabilities and equity:			
Contingent consideration payable	$ 1,561,000	$ 1,595,619	$ 5,268,904
Future obligation with IPO	—	—	8,331,498
Other liabilities	4,012,402	5,924,140	1,004,187
Total liabilities	5,573,402	7,519,759	14,604,589
Equity	36,375,229	35,087,073	(75,930)
Total liabilities and equity	$ 41,948,631	$ 42,606,832	$ 14,528,659

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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated statements of operations and comprehensive loss should be read in conjunction with the separate historical financial statements of Liquid Holdings Group, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations;” and the historical financial statements of Liquid Futures, Fundsolve, Centurion Capital Group, GMA, and LTI, appearing elsewhere herein.

The unaudited pro forma condensed consolidated statements of operations and comprehensive loss are not necessarily indicative of what the actual results of operations of the Company would have been assuming the offering and formation transactions had been completed as of January 1, 2012, nor are they indicative of the results of operations of future periods. The unaudited pro forma adjustments and eliminations are based on available information and upon assumptions the Company believes are reasonable.

For the Year Ended December 31, 2012

The unaudited pro forma condensed consolidated statement of operations and comprehensive loss for the year ended December 31, 2012 gives effect to the founder contributions and acquisitions of Liquid Holdings Group, as if they were acquired or contributed as of January 1, 2012. These include Liquid Futures, Liquid Trading Institutional, Liquid Prime Holdings, Liquid Partners, Fundsolve, GMA and LTI, which were contributed or acquired prior to December 31, 2012. There are no pro forma adjustments for Liquid Trading Institutional as there were no revenues, expenses or earnings prior to acquisition. We have not included our acquisition of Tragara Alpha Partners, as we recorded no basis for that transaction. See Note 5 to the December 31, 2012 consolidated financial statements and accompanying notes of Liquid Holdings Group, LLC included elsewhere in this prospectus for additional information. In addition, the historical consolidated financial statements have been adjusted to reflect certain intercompany eliminations and reclassifications in order to conform to LHG’s financial statement presentation. We have eliminated messaging revenue due to cessation of that type of service within LHG’s technology segment, as if the messaging services ceased on January 1, 2012, and we have eliminated revenue from the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures as if such activity ceased effective January 1, 2012.

For the Three Months Ended March 31, 2013

The unaudited pro forma condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2013 gives effect to the elimination of revenue from the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures as if such activity ceased effective January 1, 2013.

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LIQUID HOLDINGS GROUP, LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

	Liquid Holdings Group, LLC	Liquid Futures, LLC	Fundsolve Limited	Liquid Prime Holdings, LLC	LTI, LLC	Green Mountain Analytics, LLC	Liquid Partners, LLC	Subtotal	Other Pro forma Adjustments		Liquid Futures, LLC	Liquid Prime Services, Inc.	Pro forma
		(A)	(B)	(C)	(D)	(E)	(F)				(J)	(K)	
Revenues:													
Brokerage activities	$ 1,295,248	105,585	—	437,169	—	—	—	1,838,002	1,820	(H)	(759,895)	(1,079,927)	—
Software services	1,032,534	—	34,163	—	—	758,101	—	1,824,798	(365,606)	(I)	—	—	1,459,192
Total revenues	2,327,782	105,585	34,163	437,169	—	758,101	—	3,662,800	(363,786)		(759,895)	(1,079,927)	1,459,192
Cost of revenues:													
Brokerage activities	817,559	59,022	—	302,263	—	—	—	1,178,844	—		(448,623)	(717,312)	12,909
Software services	690,190	—	5,529	—	—	593,970	—	1,289,689	—		—	—	1,289,689
Cost of revenues	1,507,749	59,022	5,529	302,263	—	593,970	—	2,468,533	—		(448,623)	(717,312)	1,302,598
Gross margin	820,033	46,563	28,634	134,906	—	164,131	—	1,194,267	(363,786)		(311,272)	(362,615)	156,594
Operating expenses:													
Compensation	28,333,420	10,277	—	261,251	—	—	—	28,604,948	—		(16,503)	—	28,588,445
Consulting	3,081,002	17,300	3,142	14,310	—	—	—	3,115,754	—		—	—	3,115,754
Depreciation and amortization	2,761,703	—	11,137	29,357	—	7,531	—	2,809,728	4,867,401	(G)	—	(31,955)	7,645,174
Impairment of goodwill and intangible assets	1,550,652	—	7,387	—	—	—	—	1,558,039	—		—	—	1,558,039
Other	3,136,097	84,398	16,371	623,633	264,050	114,873	(5,998)	4,233,424	(1,820)	(H)	(165,603)	(473,485)	3,592,516
Total operating expenses	38,862,874	111,975	38,037	928,551	264,050	122,404	5,998	40,321,893	4,865,581		(182,106)	(505,440)	44,499,928
Gain (loss) from operations	(38,042,841)	(65,412)	(9,403)	(793,645)	(264,050)	41,727	5,998	(39,127,626)	(5,229,367)		(129,166)	142,825	(44,343,334)
Non-operating income (expenses):													
Registration rights penalty	(1,674,704)	—	—	—	—	—	—	(1,674,704)	—		—	—	(1,674,704)
Gain on contingent consideration payable	1,545,000	—	—	—	—	—	—	1,545,000	—		—	—	1,545,000
Unrealized gain on contingent consideration payable	129,000	—	—	—	—	—	—	129,000	—		—	—	129,000
Other, net	(306,659)	—	—	—	—	—	—	(306,659)	—		—	—	(306,659)
Total non-operating expense, net	(307,363)	—	—	—	—	—	—	(307,363)	—		—	—	(307,363)
Loss before income taxes	(38,350,204)	(65,412)	(9,403)	(793,645)	(264,050)	41,727	5,998	(39,434,989)	(5,229,367)		(129,166)	142,825	(44,650,697)
Income tax benefit	104,340	—	—	—	—	—	—	104,340	2,990,360 194,696	(L) (M)	—	—	3,289,396
Net loss	(38,245,864)	(65,412)	(9,403)	(793,645)	(264,050)	41,727	5,998	(39,330,649)	(2,044,311)		(129,166)	142,825	(41,361,301)
Other comprehensive income (losses):													
Foreign currency translation	(18,073)	—	—	—	—	—	—	(18,073)	—		—	—	(18,073)
Total comprehensive loss	$(38,263,937)	(65,412)	(9,403)	(793,645)	(264,050)	41,727	5,998	(39,348,722)	(2,044,311)		(129,166)	142,825	(41,379,374)

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**LIQUID HOLDINGS GROUP, LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2013**

	Liquid Holdings Group, LLC	Liquid Futures, LLC (A)	Liquid Prime Services, Inc. (B)	Other Proforma Adjustments	Pro forma
Revenues:					
Brokerage activities	$ 1,145,852	(414,640)	(731,212)	—	—
Software services	616,612	—	—	—	616,612
Total revenues	1,762,464	(414,640)	(731,212)	—	616,612
Cost of revenues:					
Brokerage activities	747,247	(255,823)	(490,938)	—	485
Software services	577,160	—	—	—	577,160
Total cost of revenues	1,324,407	(255,823)	(490,938)	—	577,645
Gross margin	438,057	(158,817)	(240,273)	—	38,967
Operating expenses:					
Compensation	2,087,456	(10,185)	(31,708)	—	2,045,562
Consulting	324,732	—	—	—	324,732
Depreciation and amortization	1,824,342	—	(12,173)		1,812,169
Impairment of goodwill and intangible assets	—	—	—	—	—
Other	1,358,075	(72,804)	(133,748)		1,151,523
Total operating expenses	5,594,605	(82,989)	(177,630)	—	5,333,986
Loss from operations	(5,156,548)	(75,828)	(62,643)	—	(5,295,019)
Non-operating income (expenses):					
Registration rights penalty expense	—	—	—	—	—
Gain on contingent consideration payable	—	—	—	—	—
Unrealized loss on contingent consideration payable	(34,619)	—	—	—	(34,619)
Other, net	9,877	—	—	—	9,877
Total non-operating expenses, net	(24,742)	—	—	—	(24,742)
Loss before income taxes	(5,181,290)	(75,828)	(62,643)	—	(5,319,761)
Income tax benefit	71,975	—	—	719,750 **(C)**	791,725
Net loss	(5,109,315)	(75,828)	(62,643)	719,750	(4,528,036)
Other comprehensive income (losses):					
Foreign currency translation	14,559	—	—	—	14,559
Total comprehensive loss	$(5,094,756)	(75,828)	(62,643)	719,750	(4,513,477)

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NOTES AND MANAGEMENT'S ASSUMPTIONS TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(1) Basis of Presentation

The unaudited pro forma condensed consolidated statements of operations and comprehensive loss was prepared using the acquisition method of accounting for all the contributions and acquisitions discussed previously. Accordingly, consideration given is allocated to the tangible and intangible assets and liabilities of each business based upon their estimated fair values as of the date of the actual completion of the transactions. The unaudited pro forma information is presented for illustrative purposes only in accordance with the assumptions set forth below.

Liquid Holdings Group, LLC ("Liquid Holdings Group" or the "Company") was formed as a Delaware limited liability company on January 17, 2012. The Company is an entity that was formed with the intention of being the holding company to acquire and own a group of companies and ultimately pursue an initial public offering ("IPO") in the United States. It is the successor control entity of the Liquid Predecessor Companies (collectively, the "Predecessor"), which was not a legal entity but rather a combination of certain entities and operations formed to continue and expand the Liquid organization in developing and operating a proprietary next generation technology platform that streamlines and unifies the entire trade and risk management process for the financial service community. The Company's subsidiaries that are included in the consolidation are: (1) Liquid Futures LLC ("Liquid Futures"), (2) Liquid Trading Institutional LLP ("Institutional"), (3) Liquid Prime Holdings LLC ("Prime"), (4) Liquid Partners, LLC ("Liquid Partners"), formerly known as Centurion Capital Group, LLC and Centurion Trading Partners, LLC, (5) Fundsolve Ltd. ("Fundsolve"), and (6) LHG Technology Services Ltd. ("Technology").

The Company commenced operations on April 24, 2012, pursuant to the Company's Limited Liability Company Agreement, or the LLC Agreement, and individual Founders Contribution Agreements by Brian Ferdinand, Richard Schaeffer and Robert Keller, all dated April 24, 2012, individually or through entities controlled by them, and agreed to contribute 100% of their membership interest in Prime, Futures, and Institutional identified in the Company's LLC Agreement for the initial membership interests in the Company.

The adjustments to the unaudited pro forma condensed consolidated statements of operations and comprehensive loss for the year ended December 31, 2012 and for the period ended March 31, 2013 do not include approximately $26,100,000 and $25,100,000 of non-cash expense charges expected to be incurred in connection with certain issuances of our common stock and certain other transfers of our common stock subsequent to December 31, 2012 and March 31, 2013, respectively.

(2) Adjustments to the Pro Forma Condensed Consolidated Statements of Operations and Comprehensive Loss

The adjustments to the pro forma condensed consolidated statements of operations and comprehensive loss are as follows:

For the Year Ended December 31, 2012

A To reflect the operations of Liquid Futures as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through May 8, 2012.

B To reflect the operations of Fundsolve as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through July 31, 2012.

C To reflect the operations of Liquid Prime Holdings as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through October 3, 2012.

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D	To reflect the operations of LTI as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through September 29, 2012.
E	To reflect the operations of GMA as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through August 26, 2012.
F	To reflect the operations of Liquid Partners as if the acquisition had occurred as of January 1, 2012. Included in this adjustment are the pre-acquisition operations for the period from January 1, 2012 through May 10, 2012.
G	To reflect the adjustment for amortization of acquired intangibles that would have been amortized had they been acquired January 1, 2012.
H	To eliminate pre-acquisition revenue and expenses between the entities that would have been intercompany had they been acquired January 1, 2012.
I	To eliminate messaging revenue due to cessation of that type of service, as if the messaging services ceased on January 1, 2012.
J,K	To eliminate over-the-counter brokerage operations for Liquid Prime Services Inc. and Liquid Futures, as if such activity ceased effective January 1, 2012 and only administrative functions of both companies continued during the period ended December 31, 2012.
L	To reflect the adjustment for income tax benefit as if the entity had converted from an LLC to a corporation as of January 1, 2012.
M	To reflect the adjustment for income tax benefit that would have been recorded had the intangibles been acquired January 1, 2012.

For the Three Months Ended March 31, 2013

A,B	To eliminate over-the-counter brokerage operations for Liquid Prime Services Inc. and Liquid Futures, as if such activity ceased effective January 1, 2013 and only administrative functions of both companies continued during the three months ended March 31, 2013.
C	To reflect the adjustment for income tax benefit as if the entity had converted from an LLC to a corporation as of January 1, 2013.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with "Selected Historical Consolidated Financial Data" and the financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the section titled "Risk Factors." Actual results may differ materially from those contained in any forward-looking statements. You should read the sections titled "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Overview

Liquid Holdings Group has developed and provides proprietary next generation software technology that seamlessly integrates trading, real-time risk management, accounting, reporting and administration tools in a single platform for the financial services community. Our current and prospective customers include small to mid-sized hedge fund managers, asset managers, wealth management offices, family offices and financial institutions. We deliver our technology efficiently, quickly and securely as a SaaS solution through the "cloud," or as a software installation on our customer's premises. The advanced feature set of our platform includes customizable and rapidly deployable multi-asset class trading software coupled with real-time risk management, accounting and reporting capabilities.

We believe that our platform's comprehensive, real-time approach provides a distinctive offering to our customers. We believe our comprehensive approach creates efficiencies for our customers by reducing the number of service provider relationships the customer needs to manage and maintain and reducing the level of IT personnel necessary to support and integrate those multiple applications.

Our platform offers the following features and capabilities:

- **A Single, Consolidated Portfolio View**. We offer a single trade, order and position management solution for multiple asset classes such as equities, options, futures, fixed income securities and FX. Our customers can aggregate positions, exposures and risk metrics across all of their portfolios and asset classes on a single screen in real time. With our platform there is no need to purchase or integrate several external programs to consolidate risk management, accounting and reporting functions across asset classes;
- **Broker, Execution and Clearing Firm Neutral**. We provide our customers with the independence to select their preferred broker execution venues and clearing relationships. Our technology is able to connect our customers seamlessly to prime brokers and over 100 liquidity destinations, including broker-dealers, private alternative trading systems/platforms, or dark pools, and other electronic communication networks, or ECNs. We do not monetize, sell or take the opposing side of our customers' order flow, nor do we act as a market maker. Our technology allows our customers to be "broker neutral" in their choice of where a trade is executed, how the trade is sent to the market and which broker executes and clears the trade. We have established connectivity with some of the most recognized prime brokers and banking platforms in the world, offering our customers the ability to access these relationships for capital introduction and execution services globally;
- **Real-Time Portfolio Risk Management and Scenario Analysis**. The architecture of our platform enables our customers to perform highly complex computations of risk and project probabilistic scenarios using data feeds in real-time. This allows our customers to quantify the probability of portfolio risk based on variables that they input to simulate a macro or micro event based on historical market events. It also enables users to calculate theoretical values instantly for over a dozen historic market events and crashes to simulate portfolio performance in times of market volatility. Our platform automatically routes trade data to our risk management system for real-time analysis. We believe most of our competitors offer this type of analysis only on an end-of-day or as-requested basis; and

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- **Accounting and Reporting Management, Fee Management and Transaction Cost Analysis, or TCA.** Our accounting and reporting database was designed to reconcile a vast number of trades and their associated fees and transaction costs, giving traders and managers a clear and concise view of their portfolio accounting, including exchange/ECN fees, "soft dollar" arrangements, which are payments to brokerage firms for their services in terms of commissions as opposed to cash payments, and brokerage and accounting adjustments. Our flexible and scalable architecture allows traders, operations personnel and senior management to view customized reports on an individual, group or enterprise wide basis.

We have branded our risk metrics platform as LiquidMetrics, our trading platform as LiquidTrade and our accounting platform as LiquidView, together constituting the Liquid Platform.

History

We were formed on January 17, 2012 and commenced operations on April 24, 2012. We had no operations during any period prior to the period from April 24, 2012 through December 31, 2012, the period through which our audited historical consolidated financial statements are presented in this prospectus. We are the successor control entity of the Liquid Predecessor Companies. The Liquid Predecessor Companies are not a legal entity but rather a combination of certain entities and operations formed to continue and expand our organization in developing and operating a proprietary next generation technology platform that streamlines and unifies the entire trade and risk management process for the financial services community. The Liquid Predecessor Companies are Liquid Prime Holdings, Liquid Prime Services, Liquid Partners, LLC and Liquid Trading Holdings Limited.

The significant milestones in our formation include:

- the acquisition of our trading, accounting, reporting and administration technologies;
- the acquisition of our risk management technology;
- the acquisition of our broker-dealer and FCM (currently our independent introducing broker) operations; and
- the integration of these technologies, operations and other assets to provide our comprehensive technology platform.

Our acquisition of GMA, which originally developed our trading, accounting, reporting and administration technologies, was the key element in our formation. The acquisition of our risk management technology, its integration with our trading, accounting, reporting and administration technologies, and the acquisition of our broker-dealer and FCM (currently our independent introducing broker) operations provided us with complementary technologies and capabilities, enabling us to provide a comprehensive technology platform to the financial services community.

Acquisition History. We acquired the entities and technology that comprise our business pursuant to the following transactions:

- *Liquid Prime Holdings LLC*. Liquid Prime Holdings owns Liquid Prime Services, which is a broker-dealer registered with the SEC and a member of FINRA. The ownership of a broker-dealer enables us to facilitate ancillary execution services as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing agency brokerage services in order to pass on savings for execution services to our clients. Additional services provided by Liquid Prime Services include the facilitation of broker assisted over-the-counter transactions on our clients' behalf. On June 1, 2013, we ceased over-the-counter brokerage operations for Liquid Prime Services. Going forward, Liquid Prime Services will continue to be a key component of our business strategy by providing agency brokerage services and facilitating the introduction of client assets to custody banking relationships.

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Liquid Prime Services will remain a regulated entity with oversight from FINRA and the SEC. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Prime Services to impact our ability to provide agency brokerage services and facilitate the introduction of client assets to custody banking relationships. By remaining a complimentary service provider to our technology platform customers, Liquid Prime Services will no longer generate any significant transaction or other revenue, but will continue to incur salary, regulatory, accounting, legal and administrative expenses. Liquid Prime Holdings was initially formed in 2011 by Mr. Ferdinand for the purpose of acquiring Liquid Prime Services and the acquisition was completed on October 27, 2011. On April 24, 2012, Mr. Ferdinand contributed all of the outstanding interests in Liquid Prime Holdings to us, which contribution became effective upon regulatory approval received on October 5, 2012.

- *Liquid Partners, LLC.* Liquid Partners was acquired to provide us with access to a customer base for our business and a select group of experienced traders and fund managers. The customers that were introduced to us by Liquid Partners have utilized our platform and generated valuable user feedback in the beta testing and development of our technology. Liquid Partners was initially acquired by Liquid Trading Holdings Limited, a company incorporated under the laws of Guernsey and controlled by Mr. Ferdinand, pursuant to a purchase agreement entered into with the members of Liquid Partners, including Mr. Feigeles and an entity controlled by Mr. Von Allmen in December 2011. Liquid Trading Holdings Limited then contributed its equity interests in Liquid Partners to us in May 2012 in exchange for our assumption of Liquid Trading Holdings Limited's obligations under the purchase agreement. In July 2012, we issued 951,432 shares of common stock to the former members of Liquid Partners (including 142,714 shares of common stock and 356,787 shares of common stock to Mr. Feigeles and an entity controlled by Mr. Von Allmen, respectively) as consideration due under the purchase agreement.

  The customers that were introduced to us by Liquid Partners have been early testers and adopters of our technology products and services. Not only are we able to create test environments for new versions of our software and deliver them to the customers that were introduced to us by Liquid Partners but we are also able to solicit feedback from them in order to develop enhancements to our platform. Additionally, we believe we will be able to leverage our relationship with the customers that were introduced to us by Liquid Partners have and the other relationships Liquid Partners has with third-party asset allocators, in order to market our technology to prospective customers and accelerate the distribution of our technology.

- *Liquid Trading Institutional LLP*. Liquid Trading Institutional is an FCA-registered broker-dealer. The ownership of an FCA-registered broker-dealer enables us to facilitate ancillary execution services in the U.K. as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing introductory brokerage services in order to pass on savings for execution services to our clients. Prior to its acquisition by us, Liquid Trading Institutional was controlled by Messrs. Ferdinand and Keller. We acquired Liquid Trading Institutional pursuant to contribution agreements entered into with entities controlled by Messrs. Ferdinand and Keller on April 24, 2012 and an entity controlled by an unrelated third party on June 5, 2012, pursuant to which these entities contributed to us all of their outstanding equity interests in Liquid Trading Institutional, which contribution became effective upon regulatory approval received on July 2, 2012.

- *Liquid Futures, LLC*. Liquid Futures is an independent introducing broker registered with the CFTC and is a member of the NFA. The ownership of an independent introducing broker enables us to facilitate ancillary execution services as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing agency brokerage services in order to pass on savings for execution services to our clients. Additional services provided by Liquid Futures include the facilitation of broker assisted over-the-counter transactions on our clients' behalf. On March 26, 2013, Liquid Futures changed its status from a non-clearing FCM to an independent introducing broker. This transition has little to no impact on Liquid Futures' business operations and the services it can provide to its customers; however, it has reduced the amount of regulatory capital that it is required by the CFTC to maintain. On June 1, 2013, we ceased over-the-counter brokerage operations of Liquid Futures. Going forward, Liquid Futures will continue to be a key component of our business strategy by providing

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agency brokerage services and facilitating the introduction of client assets to custody banking relationships. Liquid Futures will remain a regulated entity with oversight from NFA and CFTC. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Futures to impact our ability to provide agency brokerage services and facilitate the introduction of client assets to custody banking relationships. By remaining a complimentary service provider to our technology platform customers, Liquid Futures will no longer generate any significant transaction or other revenue, but will continue to incur salary, regulatory, accounting, legal and administrative expenses. We are considering consolidating Liquid Futures and Liquid Prime Services into a single entity. Such a consolidation would enable Liquid Futures and Liquid Prime Services to streamline their regulatory costs and consolidate their net capital, permit our customers to sign a single account agreement to conduct both futures and securities trading, and permit the consolidated entity to enter into a single clearing agreement to facilitate both futures and securities trades. Liquid Futures was initially formed in 2011 as a non-clearing FCM by Messrs. Schaeffer and Ferdinand. Messrs. Schaeffer and Ferdinand subsequently contributed all of their interests in Liquid Futures to us on April 24, 2012, such contribution becoming effective upon regulatory approval received on May 9, 2012.

As consideration for the contributions of Liquid Prime Holdings, Liquid Trading Institutional and Liquid Futures, we issued an aggregate of 10,148,778 shares of common stock, including 2,984,229 shares, 3,714,450 shares and 3,280,645 shares to Messrs. Schaeffer, Ferdinand and Keller, respectively.

- *Fundsolve*. Through our acquisition of Fundsolve, we acquired our risk management technology. We acquired Fundsolve on July 31, 2012 pursuant to a share purchase agreement with Fundsolve's equity holders, including Mr. Davy, who subsequently became one of our directors. Prior to our acquisition, Fundsolve operated as a portfolio risk management company serving mid to large-sized hedge funds with its proprietary risk management technology. As consideration for our acquisition of Fundsolve, we agreed to issue to Fundsolve's equity holders, upon the closing of this offering, an aggregate number of shares equal to 1.0% of our outstanding shares of common stock immediately after giving effect to the shares being sold in this offering (including 0.4% of our outstanding shares of common stock to Mr. Davy), including any shares that may be sold through the exercise of the underwriter's over-allotment option.
- *Tragara Alpha Partners*. We acquired certain intellectual property assets forming a component of our trading technology, including an algorithmic trading program, from Tragara Alpha Partners, owned by Mr. Gaer, on April 27, 2012. As consideration for this acquisition, we issued 868,338 shares of common stock to Mr. Gaer.
- *LiquidView*. We acquired the LiquidView software tool, which forms a component of our accounting technology, from entities controlled by Messrs. Ferdinand and Keller on July 30, 2012. As consideration for our acquisition, we made cash payments of $1,000,000 and $500,000 to entities controlled by Messrs. Ferdinand and Keller, respectively.
- *Green Mountain Analytics, LLC*. Through our acquisition of GMA, we acquired the foundation of our trading technology. Prior to our acquisition, GMA was a financial software development company serving a diverse set of trading fund demographics with its proprietary trading technology. Messrs. Ferdinand and Keller initially acquired their equity positions in GMA in 2008 and together acquired a majority, but non-controlling, interest in GMA in 2011. We subsequently acquired GMA on August 27, 2012 pursuant to a contribution and exchange agreement entered into with the members of GMA, including entities controlled by Messrs. Ferdinand and Keller, pursuant to which the members of GMA contributed all of their outstanding equity interests in GMA to us. Pursuant to this transaction, we issued to the members of GMA 2,038,857 shares of common stock (including 654,943 shares of common stock each to entities controlled by Messrs. Ferdinand and Keller, respectively).

Capital Raising History. In addition to the acquisition transactions described above, prior to this offering, we have completed several capital raising transactions. The first of these transactions was a $4.3 million sale of common stock consummated through LTI (an entity formed by our founders, Messrs. Schaeffer, Ferdinand and

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Keller, for the purpose of raising this capital) in September 2011. We acquired LTI in September 2012, in exchange for the issuance of an aggregate of 495,821 shares of common stock to the members of LTI (including 174,995 shares of common stock to Edward Feigeles, a former member of our Board of Directors). The second of these transactions was a $12.5 million sale of our common stock to an entity controlled by Mr. Von Allmen in July 2012. In that transaction, we issued 1,239,986 shares of common stock to Mr. Von Allmen and, prior to December 25, 2012, we issued to Mr. Von Allmen 242,020 additional shares of common stock pursuant to the terms of our subscription agreement with Mr. Von Allmen. We also raised an additional $3.3 million in the aggregate through six additional transactions completed in January 2013, February 2013 and March 2013 (including transactions in which we issued 59,918 shares of common stock to Victor R. Simone, Jr., one of our directors, and 183,773 shares of common stock to Jay Bernstein, one of our directors). In addition, in April 2013, we issued 720,498 shares of common stock to an entity controlled by Mr. Von Allmen in consideration for his continued financial support and commitment to our development and growth.

Reorganization. On July 24, 2013, we reorganized as a Delaware corporation and changed our name from Liquid Holdings Group, LLC to Liquid Holdings Group, Inc. In connection with the reorganization, all of our outstanding common units converted into shares of our common stock. Unless otherwise indicated or the context otherwise requires, all information in this prospectus is presented giving effect to this reorganization and the related conversion of our common units into shares of our common stock at a ratio of 10,606.81 shares of common stock for each common unit.

Key Metrics

In addition to the U.S. GAAP metrics that we regularly monitor, we also monitor the following metrics to evaluate our business, measure our performance, identify trends affecting our business and make strategic decisions:

Key Metric	As of December 31, 2012	As of March 31, 2013	As of June 1, 2013
Number of Customers	20	25	23
Number of Units(1)	327	351	385

(1) 274, 290 and 304 of these units are being used by QuantX as of December 31, 2012, March 31, 2013 and June 1, 2013, respectively.

Number of Customers. We believe that our ability to expand our client base is an indicator of our market penetrations and the growth of our business as we continue to invest in our direct sales and marketing teams.

Number of Units. Since our customers generally pay fees based on the number of units of our platform being used within their organizations, we believe the total number of units is an indicator of the growth of the business. Each unit represents an individual element of the Liquid Platform such as LiquidMetrics, LiquidTrade and LiquidView.

Factors Affecting Our Performance

The Pace of Financial Services Innovation. The financial services industry has faced substantial pressure to innovate over the last decade. Following the implementation of decimalization in financial market pricing in 2001, new technologies were needed to accommodate the need to execute, value and evaluate risk for securities trading. Today, the industry innovates rapidly as technology adapts to the demands of both regulatory changes and changes in investor preferences. We believe our products and services compete favorably, and that our flexible architecture will allow us to innovate and scale new product releases quickly. However, we may not be able to keep up with evolving industry standards and changing trading systems, practices and techniques. Continued demand for advanced technology resources in the financial services industry is important to future demand for our products.

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Revenue Growth. We believe the key driver to improve our financial performance will be revenue growth. We believe demand for our products will increase as key industry trends drive innovation. We plan to add resources in an effort to gain market share and increase revenue from existing and new customers. While revenue growth may fail to increase or may decline for a number of reasons, including significant competition and lack of market acceptance of our technology and platform, we seek to generate revenue growth from, among other things, the execution of institutional customer contracts as we increasingly penetrate the marketplace. Our ability to achieve sufficient revenue to generate net income and to fully fund operations will require continued significant near-term investments in technology development, marketing and customer support personnel. We expect these investments to negatively impact current net income and cash balances, but also to set the framework for improving financial performance in the near- and long-term as we scale up our business.

Delivery of New Product Releases. Client demands in the financial services industry are becoming increasingly complex. If we fail to accurately predict customers' changing needs and emerging technology trends, our business could be negatively affected. It is important for us to have a robust development pipeline and to deliver new releases on time and within budget. We believe our flexible platform allows us the ability to develop and deliver customized solutions for particular client needs. Members of our core technology development team have worked together for over a decade, first at Web Quote SRL, then at GMA from 2002 until we acquired GMA in 2012. As a result, we are able to develop new modules in a flexible and continuous manner. We believe the maintenance of our core development team's continuity and its ability to produce new product versions on time is important to the future growth of our company.

Organizational Resources. We plan to expand our sales force to support anticipated growth in customers and demand for our products. While we intend to increase personnel, funding and capital expenditures devoted to the research and development of new and advanced technologies, if we fail to hire additional necessary personnel or improve our key business applications, processes and IT infrastructure, we may not be able to achieve or manage our expected growth. These plans will require a significant investment in managerial talent, human resources, information systems, processes and controls to ensure maintenance of efficient and economic operations. These investments are critical to our ability to increase revenue, to generate net income and to fully fund operations.

International Expansion. Our future growth will depend, in part, on our ability to increase sales of our platform internationally. Historically, a significant portion of our revenue and billings have been generated from outside the United States, with international customers accounting for 34% and 28% of our total revenue, and 77% and 81% of software revenue, during the period ended December 31, 2012 and three months ended March 31, 2013, respectively. We intend to pursue new customers internationally, and we are exploring the possibility of expanding into Asia, which may increase operating expenses in the near term and may not result in revenues until future periods, if at all. International expansion may also increase the risk associated with our business.

Financial Overview

We were formed on January 17, 2012 and commenced operations on April 24, 2012. We were engaged in start-up operations during the period from April 24, 2012 through December 31, 2012. Our revenue during this period included revenue generated through software licenses for our online trading platform, which is provided under a hosting arrangement, or SaaS. In addition, we also generated revenue during the period from April 24, 2012 to December 31, 2012 from messaging capabilities through our technology, giving our customers the ability to communicate transaction execution information effectively to the market place. We also generated revenues through our non-clearing FCM (currently our independent introducing broker) subsidiary from commissions earned on the facilitation of agency transactions on behalf of customers and our broker-dealer revenues from the mark-up generated by brokers executing fixed income transactions on a riskless principal basis and commissions generated by brokers executing equity trades on behalf of clients. Our expenses during the period from April 24, 2012 through December 31, 2012 and for the three months ended March 31, 2013 were in support of existing operations and the pursuit of ongoing business opportunities.

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Revenue

We generate revenue from the sale of products and related services. Our revenue is comprised of the following:

Brokerage revenue. Until June 1, 2013, we generated a portion of our revenue through commissions generated by brokers executing transactions on behalf of our customers and by the mark-up generated by brokers executing transactions on a riskless principal basis. On June 1, 2013, we ceased over-the-counter brokerage operations for Liquid Prime Services and Liquid Futures. Going forward, Liquid Prime Services and Liquid Futures will continue to be key components of our business strategy by providing agency brokerage services and facilitating the introduction of our customers' assets to custody banking relationships to which they otherwise may not have had access. Both Liquid Prime Services and Liquid Futures will remain regulated entities with oversight from FINRA and the SEC, and the NFA and CFTC, respectively. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures to impact our ability to provide agency brokerage services and facilitate the introduction of our customers' assets to custody banking relationships. As complimentary service providers to our technology platform customers, Liquid Prime Services and Liquid Futures will no longer generate any significant transaction or other revenue, but will continue to incur salary, regulatory, accounting, legal and administrative expenses. We are considering consolidating Liquid Futures and Liquid Prime Services into a single entity. Such a consolidation would enable Liquid Futures and Liquid Prime Services to streamline their regulatory costs and consolidate their net capital, permit our customers to sign a single account agreement to conduct both futures and securities trading and permit the consolidated entity to enter into a single clearing agreement to facilitate both futures and securities trades. See the section titled "Unaudited Pro Forma Condensed Consolidated Financial Statements" for a quantitative illustration of the effect of ceasing over-the-counter brokerage operations.

Software revenue. We sell our software in two ways: direct customer sales and volume based institutional licensing. Direct customer revenue sales are generated through software licensing fees. Institutional licensing revenue is generated through software licensing and subscription fees, integration and customization fees and hosting and gateway fees. Prior to December 31, 2012, our software revenues also included messaging fees. Messaging fees are an additional technology fee of a fixed cost per message to those who utilize our infrastructure. Each time an order is created, sent or cancelled a message must be sent to a counterparty who will in kind return a message of confirmation. These fees were exclusively charged to our customer QuantX, an entity affiliated with Messrs. Ferdinand, Schaeffer and Keller, but will not be charged by us to QuantX in periods after December 31, 2012 and therefore messaging fees will not be included in our software revenue going forward. We generally recognize software revenue at the time of software delivery, provided all other revenue recognition criteria have been met. To date, the majority of our software revenue has been attributable to related parties, including our customer QuantX. We expect our software revenue to increase in absolute dollars as we continue to add new hedge funds, other asset managers and financial institutions to our customer base.

Cost of Revenue

Our cost of revenue consists of cost of revenues in connection with brokerage activities and software services. Our cost of revenue associated with brokerage activities includes payments to brokers who receive a percentage of commissions generated by brokers executing transactions on behalf of clients and the mark-up generated by brokers executing transactions on a riskless principal basis. Also included in cost of revenues associated with brokerage activities are regulatory fees.

Our cost of software revenues in connection with software services includes all direct costs to produce and distribute our software, including data center and support personnel, depreciation and maintenance related to equipment located at our hosting service provider, salaries and benefits.

We expect that our cost of revenue will increase in the future as we grow our business, add new customers and increase services to existing customers, and need to support the implementation, hosting and support of those new customers and increased services. We also expect that our cost of revenue as a percentage of total revenue

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could fluctuate from period to period depending on growth of our business and any associated costs relating to the delivery of services, and the timing of significant expenditures. We intend to continue to invest additional resources in expanding the delivery capability of our software and other services. The timing of these additional expenses could affect our cost of revenue, both in terms of absolute dollars and as a percentage of total revenues, in any particular quarterly or annual period.

Operating Expenses

Compensation. Compensation expenses consist of wages and benefits for our employees as well as share-based compensation. Wages and benefits are expensed in the period in which they are earned. Share-based compensation is measured at fair value on the grant date of each award, based on the estimated number of awards that are expected to vest resulting in a charge to operations over the requisite service period. For awards with graded vesting, we recognize share-based compensation expenses on a straight-line basis over the service period for each separately vesting portion of the award. We incurred non-cash expense charges of approximately $1.0 million for the three months ended March 31, 2013 and expect that we will incur additional non-cash expense charges of approximately $25.1 million related to the issuance of additional equity and other transactions in our equity subsequent to March 31, 2013 and additional equity to be issued in connection with the consummation of this offering. These costs will be incurred in the quarter in which the relevant equity issuances occur. After the application of these expenses in the second and third quarters of 2013, we expect share-based compensation expenses to decrease, as a significant portion of the expenses from inception to date have been for share-based compensation awarded to our founders and to our board members as consideration for agreeing to serve as a member of our board and other transactions in our equity prior to or in connection with this offering. We expect compensation expense, excluding share-based compensation, to increase as we increase our headcount in an effort to grow our business and comply with the rules and regulations applicable to public companies.

Consulting fees. Consulting fees consist of services we are currently outsourcing such as market research, investor/public relations and human resources functions. Consulting fees are expensed in the period in which they are incurred. The majority of our consulting fees from inception to date have been for share-based compensation, as we granted equity to consultants as payment for services rendered to us. The sale of our stock to strategic partners and consultants at below fair value also resulted in charges to share-based compensation. After the second quarter of 2013, we expect share-based compensation to consultants to decline and anticipate an eventual decline in our use of consulting services as we hire employees to handle these functions internally.

Professional fees. Professional fees consist primarily of legal, accounting and tax service fees related to non-IPO related services. Professional fees are expensed in the period in which they are earned. The majority of our professional fees from inception to date have been for legal fees related to the start up of our business as well as certain litigation we have been a part of as disclosed in the section titled “Business” and in the notes to the accompanying consolidated financial statements. We anticipate that we will continue to incur professional fees as we grow our business. Whereas certain legal fees pertaining to the start up of our business will cease, other costs such as audit fees, currently recorded as a deferred offering cost on our consolidated balance sheet, will continue and be recorded in professional fees on our consolidated statement of income subsequent to this offering. As noted in the section titled “Risk Factors—Risks Related to this Offering, Our Common Stock and Our Organizational Structure—The requirements of being a public company will strain our resources and divert management’s attention,” compliance with the rules and regulations applicable to public companies will increase our legal and financial compliance costs.

Other. Other expenses consist primarily of travel and entertainment, advertising and communication costs. These costs are expensed in the period in which they are earned. We anticipate that we will continue to incur these costs, at an increased level, due to travel and advertising in our efforts to increase and broaden our customer base.

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Gain on Settlement of Contingency Consideration Payable

On July 21, 2012, the Membership Interest Purchase Agreement between our company and the former members of Centurion Capital Group was amended to accelerate the share issuance contemplated in the original agreement and we issued an aggregate number of common units equal to 7.60% of our aggregate issued and outstanding equity securities at such date (equal to 951,432 shares of our common stock) to the selling members of Centurion for the purchase price and eliminated all prior purchase price measurements and the contingent consideration. As a result of the July 21, 2012 amendment, we eliminated the prior liabilities due to the selling members and recorded a gain on settlement of contingent consideration payable of $1,545,000 during the period from April 24, 2012 through December 31, 2012.

Income Taxes

As a limited liability company, we were treated as a partnership for the purposes of U.S. federal and most applicable state and local income tax during the period from April 24, 2012 through December 31, 2012 and for the three months ended March 31, 2013. Accordingly, no provision was made for Federal and state income taxes in the accompanying financial statements, since all items of income or loss were required to be reported on the income tax returns of the members, who are responsible for any taxes thereon. The Company is, however, subject to the New York City Unincorporated Business Tax ("UBT"). We may be subject to state taxes in certain states that may assess capital taxes or taxes based on gross receipts. We also have subsidiaries in foreign jurisdictions, which are subject to local income taxes. In connection with our reorganization as a Delaware corporation on July 24, 2013, we changed our status from a limited liability company to a corporation and, accordingly, we became taxable as a corporation for U.S. federal and state tax purposes.

Results of Operations

We were formed on January 17, 2012. We commenced operations on April 24, 2012 and we had no operations during any period prior to this date. As a result, we are not able to present financial results for any prior periods. The audited combined historical financial statements of Liquid Predecessor Companies are provided elsewhere in this prospectus, are summarized in the section titled "Selected Historical Consolidated Financial Data*"* and are discussed further below. However, our predecessor companies are not comparable to our current business or our business as conducted in the period from our commencement of operations on April 24, 2012 to December 31, 2012 and for the three months ended March 31, 2013. Because any direct comparison of our financial results to the financial results of our predecessor companies would not be meaningful, we have not presented a comparison of our results to the financial results of Liquid Predecessor Companies in this Management's Discussion and Analysis of Financial Condition and Results of Operations. Further, because the discussion of our results below reflects our operations during the periods in which we were starting up our operations and includes the results of acquired businesses only from the respective dates of acquisition, therefore, they should not be considered indicative of our anticipated results of operations on a going forward basis.

Recent Developments. We are currently in the process of preparing our consolidated financial results for the second quarter ended June 30, 2013 and, therefore, our actual results for that period are not yet available and are subject to change. However, we currently expect that our total revenues will decrease from approximately $1.8 million in the first quarter of 2013 to approximately $1.3 million in the second quarter of 2013. We expect that software services revenues for the second quarter will be approximately flat compared to the three months ended March 31, 2013. During the second quarter, as described elsewhere in this prospectus, we exited the over-the-counter brokerage business. As a result of the loss of revenue from the cessation of the over-the-counter brokerage business, we expect that our brokerage revenues will be significantly lower as compared to our brokerage revenues for the three months ended March 31, 2013. In addition, we currently expect to report a net loss of approximately $21.7 million for the second quarter of 2013 as compared to a net loss of approximately $5.1 million for the three months ended March 31, 2013, partly due to an increase in compensation expense as we have increased our headcount in an effort to grow our business and primarily due to a significant increase in share-based compensation related to the issuance of additional equity and other transactions in our equity subsequent to March 31, 2013. In addition, we currently expect to report

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that our net current assets decreased to approximately $2.4 million at June 30, 2013 as compared to approximately $5.7 million at March 31, 2013 and our shareholders' equity decreased to approximately $30.0 million at June 30, 2013 as compared to approximately $35.0 million at March 31, 2013. These preliminary results for the second quarter ended June 30, 2013 are subject to change.

Our Company

Period from April 24, 2012 to December 31, 2012

Revenues

The financial statements reflect the results of our operations from the date we commenced commercial operations on April 24, 2012 through December 31, 2012. During this period, we generated revenue from software licensing of $666,928 and from software messaging of $365,606 for a total of $1,032,534 in software revenues, of which $890,432 was recognized from related parties and $773,102 was recognized from QuantX, an entity with which Messrs. Ferdinand, Schaeffer and Keller are affiliated. In addition, revenues of $1,295,248 were generated from commissions paid by the clients of our broker-dealer and our non-clearing FCM (currently our independent introducing broker) subsidiaries from broker assisted over-the-counter agency transactions and mark-ups generated by brokers executing trades on a riskless principal basis.

Cost of Revenues and Gross Margin

Cost of revenues was approximately $1.5 million during the period from April 24, 2012 through December 31, 2012. These costs consisted of costs of software revenues of $690,190. In addition, cost of revenues consisted of regulatory fees and payouts to brokers who receive a percentage of mark-ups generated by executing trades on a riskless principal basis through our broker-dealer and the commissions generated by our broker-dealer and our non-clearing FCM (currently our independent introducing broker) subsidiaries for assisted over the counter agency transactions of $817,559.

Gross profit equals revenues less costs of revenues. Gross profit was $820,033 for the period from April 24, 2012 through December 31, 2012, with a gross margin of 35%. The gross margin generated from software revenues was 33% and the gross margin from our broker dealer and our non-clearing FCM (currently our independent introducing broker) operations was 37%.

As we were engaged in start-up operations during the period and for the other reasons discussed above, cost of revenues, gross profit and gross margin should not be considered indicative of our cost of revenues, gross profit and gross margin on a going forward basis.

Operating Expenses

Operating expenses were approximately $38.9 million during the period from April 24, 2012 through December 31, 2012. The largest factor impacting our operating expenses during the period related to compensation of $28.3 million, consisting of $27.0 million of share-based compensation, relating to equity grants provided to various employees and to various individuals who committed to participate as directors as well as below fair value private sales to directors. Other fees and expenses included consulting fees of approximately $3.1 million, of which $2.4 million related to equity grants to consultants for services rendered to us, depreciation and amortization expenses of approximately $2.8 million, professional fees of $1.6 million, impairment of goodwill and intangible assets of $1.6 million, rent expenses of approximately $0.6 million and other expenses of approximately $0.8 million. We determined it was necessary to evaluate the goodwill and related identifiable intangible assets of Liquid Partners acquired on May 11, 2012 for impairment as a result of the decrease in the contingent consideration payable. We performed an analysis to determine the fair value of Liquid Partners on July 21, 2012, and concluded that the carrying amount of goodwill exceeded its fair value and recognized an impairment charge of $1,464,652 in the consolidated statement of operations. In addition, we recognized an impairment charge of $86,000 with respect to customer relationships and non-compete identifiable intangible assets.

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Interest Income

Substantially all of our interest income to date has consisted of interest earned on our note receivable from QuantX, an entity with which Messrs. Ferdinand, Schaeffer and Keller are affiliated. In June 2012, we loaned QuantX $5,000,000, pursuant to a promissory note payable upon demand, but in any event no later than May 31, 2013 for the purpose of providing QuantX the necessary funds to test our technology platform with Credit Suisse AG. This note bore interest at a rate of 3.0% per annum. As of December 31, 2012 the outstanding principal balance was $2,250,000, which was repaid in two payments with the first payment of $95,000 on January 18 , 2013 and the final payment of $2,155,000 made on February 22, 2013. Total interest received over the life of the loan was $74,415.76.

Interest income also includes income earned on our invested cash balances. We expect interest income will vary each reporting period depending on the amount outstanding under the aforementioned note and our average invested balances during the period and market interest rates.

Income Taxes

To date, we have conducted our U.S. operations as Liquid Holdings Group, LLC, a pass through entity for tax purposes that files its income tax return as a partnership for U.S. federal and state income tax purposes. As a result, we have not been subject to U.S. federal or state income taxes as the related tax consequences have been reported by our individual members.

At December 31, 2012, we recorded deferred tax assets of $267,000. Upon analyzing the recoverability, we concluded that the full amount of the deferred tax assets will not be realized in the foreseeable future and hence, a full valuation allowance has been established.

At December 31, 2012, we recorded deferred tax liabilities of $697,260, of which $268,160 was determined to be current.

The income tax benefit attributable to continuing operations totaled $104,340 for the year ended December 31, 2012 and was comprised of deferred UBT of $371,340 offset by the change in the valuation allowance on the deferred tax assets of $267,000.

As of December 31, 2012, we had a UBT operating loss carryover, or NOL, of approximately $6.7 million. We will no longer have this NOL upon reorganization to a corporation.

Net Loss

During the period from April 24, 2012 through December 31, 2012, as a result of the factors discussed above, we incurred a net loss of approximately $38.2 million.

Three Months Ended March 31, 2013

Revenues

Total revenues for the three months ended March 31, 2013 were $1,762,464, comprised of $616,612 in software licensing revenues and $1,145,852 in brokerage revenues. Included in software licensing revenues is $534,033 that was recognized from related parties, of which $466,053 was recognized from QuantX, an entity with which Messrs. Ferdinand, Schaeffer, and Keller are affiliated. As previously noted, after December 31, 2012, the Company stopped charging for messaging services and, therefore, there is no messaging fee revenue for the three months ended March 31, 2013.

Cost of Revenues, Gross Profit and Gross Margin

Total cost of revenues for the three months ended March 31, 2013 was $1,324,407. These costs consisted of $577,160 related to software services and $747,247 related to brokerage activities. Total gross profit for the three

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months ended March 31, 2013 was $438,057 for a gross margin of approximately 24.9%. Gross profit generated from software revenues was $39,452 for a gross margin of approximately 6.4%. Gross profit generated from our brokerage business was $398,605 for a gross margin of approximately 34.8%.

Operating Expenses

Operating expenses were approximately $5.6 million for the three months ended March 31, 2013. The largest factor impacting our operating expenses during the period related to compensation of $2.1 million, consisting of $0.8 million of share-based compensation relating to equity grants provided to various employees as well as a below fair value private sale to a director. Other fees and expenses included consulting fees of $0.3 million, of which $0.2 million related to equity grants to consultants for services rendered to us, depreciation and amortization of $1.8 million, professional fees of $0.6 million, rent expense of $0.3 million, and other expenses of $0.5 million.

Interest Income

Substantially all of our interest income consisted of interest earned on our note receivable from QuantX, an entity which Messrs. Ferdinand, Schaeffer, and Keller are affiliated. The remaining principal balance of the note was repaid during the three months ended March 31, 2013.

Income Taxes

To date, we have conducted our U.S. operations as Liquid Holdings Group, LLC, a pass through entity for tax purposes that files its income tax return as a partnership for U.S. federal and state income tax purposes. As a result, we have not been subject to U.S. federal or state income taxes as the related tax consequences have been reported by our individual members.

At March 31, 2013, we recorded deferred tax assets of approximately $433,000. Upon analyzing the recoverability, we concluded that the full amount of the deferred tax assets will not be realized in the foreseeable future and hence, a full valuation allowance has been established.

At March 31, 2013, we recorded deferred tax liabilities of $625,285, of which $259,995 was determined to be current.

The income tax benefit attributable to continuing operations totaled $71,975 for the three months ended March 31, 2013 and was comprised of deferred UBT of $237,975 offset by the change in the valuation allowance of the deferred tax assets of $166,000.

As of March 31, 2013, we have a UBT operating loss carryover, or NOL, of approximately $10.8 million. We will no longer have this NOL upon conversion to a corporation.

Net Loss

During the three months ended March 31, 2013, as a result of the factors discussed above, we incurred a net loss of approximately $5.1 million.

Liquid Predecessor Companies

The results discussed below reflect the revenue and expenses of Liquid Predecessor Companies for the year ended December 31, 2011 and for the periods January 1, 2012 to April 24, 2012, April 25, 2012 to October 4, 2012 and January 1, 2012 to March 31, 2012. The individual entities that comprise Liquid Predecessor Companies prior to April 24, 2012 are Liquid Prime Holdings, Liquid Prime Services, Centurion Capital Group and Liquid Trading Holdings Limited. The individual companies that comprise Liquid Predecessor Companies on and after April 25, 2012 are Liquid Prime Holdings and Liquid Prime Services. The following discussion does

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not incorporate the financial results of our other subsidiaries, including GMA, Liquid Futures, Liquid Trading Institutional, Fundsolve, LHG Technology Services Ltd. or LTI. Further, all significant intercompany accounts and transactions have been eliminated in the audited historical financial statements of Liquid Predecessor Companies. For these and other reasons, the results of operations of Liquid Predecessor Companies are not comparable to our results of operations for the period from April 24, 2012 through December 31, 2012 or any other period, nor should they be considered indicative of our results on a going forward basis.

Year Ended December 31, 2011

Revenues

The financial statements reflect the results of Liquid Predecessor Companies' operations for the year ended December 31, 2011. During this period, Liquid Predecessor Companies generated total revenue of $63,950, through research advisory services performed by Taconic Capital prior its acquisition by Liquid Prime Holdings.

Cost of Revenues, Gross Profit and Gross Margin

Cost of revenues was $47,810 for the year ended December 31, 2011. These costs consisted of compensation paid out to the principal of Taconic Capital for research advisory services performed prior to its acquisition by Liquid Prime Holdings LLC.

Gross profit (loss) equals revenues less costs of revenues. Gross profit was $16,140 for the year ended December 31, 2011, with a gross margin of 25%.

Operating Expenses

Operating expenses were $712,170 during the year ended December 31, 2011, including professional and consulting fees of $410,247, offering expenses of $137,642, travel and entertainment expenses of $83,856, salaries and wages of $39,647 and other expenses of $40,778. These fees and expenses related to the support of existing operations and the pursuit of ongoing business opportunities.

Net Loss

During the year ended December 31, 2011, Liquid Predecessor Companies incurred a net loss of $696,030.

Period from January 1, 2012 to April 24, 2012

Revenues

The financial statements reflect the results of operations of Liquid Prime Holdings, Liquid Prime Services, Centurion Capital Group and Liquid Trading Holdings Limited for the period from January 1, 2012 through April 24, 2012. During this period, Liquid Predecessor Companies generated no revenue.

Cost of Revenues, Gross Profit and Gross Margin

There were no cost of revenues for the period from January 1, 2012 through April 24, 2012. There was no commission revenue and no cost of revenue generated during this period as Liquid Predecessor Companies were not engaged in any brokerage activity. At that time, Liquid Predecessor Companies' efforts were focused on developing future business strategies.

Operating Expenses

Operating expenses were $3,664,739 during the period from January 1, 2012 through April 24, 2012, including impairment of goodwill and intangibles of $3,300,000 in connection with the acquisition of Centurion Capital

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Group, LLC. In addition, operating expenses included professional fees of $33,756, rent expense of $153,081, depreciation and amortization of $6,912, compensation of $73,494 and other expenses of $97,496. These fees and expenses related to the support of existing operations and the pursuit of ongoing business opportunities.

Net Loss

During the period from January 1, 2012 through April 24, 2012, Liquid Predecessor Companies incurred a net loss of $364,739.

Period from April 25, 2012 to October 4, 2012

Revenues

The financial statements reflect the results of operations of Liquid Prime Holdings and Liquid Prime Services for the period from April 25, 2012 through October 4, 2012. During this period, Liquid Predecessor Companies generated total revenue of $464,002. These revenues consisted of mark-ups generated by brokers executing transactions on a riskless principal basis.

Cost of Revenues, Gross Profit and Gross Margin

Cost of revenues was $318,387 for the period from April 25, 2012 through October 4, 2012. These costs consisted of payouts to brokers who receive a percentage of mark-ups generated by executing trades on a riskless principal basis and the commissions generated by our broker-dealer and our non-clearing FCM.

Gross profit (loss) equals revenues less costs of revenues. Gross profit was $145,615 for the period from April 25, 2012 through October 4, 2012, with a gross margin of 31%.

Operating Expenses

Operating expenses were $635,225 during the period from April 25, 2012 through October 4, 2012, including computer and technology expenses of $180,452, salaries and benefits of $188,414, rent expense of $96,966, professional fees of $60,036, depreciation and amortization of $22,444, communications expense of $61,763 and other expenses of $25,150. These fees and expenses related to the support of existing brokerage operations.

Net Loss

During the period from April 25, 2012 through October 4, 2012, Liquid Predecessor Companies incurred a net loss of $489,483.

Three Months Ended March 31, 2012

Revenues

The financial statements reflect the results of Liquid Predecessor Companies' operations for the three months ended March 31, 2012. During this period, Liquid Predecessor Companies' generated no revenue.

Operating Expenses

Operating expenses were $245,890 for the three months ended March 31, 2012, including rent expense of $107,714, compensation expense of $48,713, professional and consulting fees of $22,509, depreciation and amortization of $4,970 and other expenses of $61,984. These fees and expenses related to the support of existing operations and the pursuit of ongoing business opportunities.

Net Loss

During the three months ended March 31, 2012, Liquid Predecessor Companies incurred a net loss of $245,890.

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Liquidity and Capital Resources

Overview

At December 31, 2012 and March 31, 2013, our cash and cash equivalents of approximately $1.4 million and $4.2 million, respectively, were held for working capital purposes. Our operations have historically been financed through private sales of our equity securities and, more recently, cash generated from operations. We believe that our existing cash and cash equivalents, together with the net proceeds to us from this offering, and cash generated from our operations, will be sufficient to meet our anticipated cash needs for at least the next 12 months. Our future capital requirements will depend on many factors including our growth rate, the timing and extent of spending to support development efforts, the expansion of sales and marketing activities, the introduction of new and enhanced products and services offerings, and the continuing market acceptance of our software. In the event that additional capital is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired or needed, our business, operating results, liquidity and financial condition would likely be materially and adversely affected.

The following table sets forth a summary of our cash flows for the period from April 24, 2012 to December 31, 2012 and for the three months ended March 31, 2013:

	For the Period April 24, 2012 to December 31, 2012	For the Three Months Ended March 31, 2013
Net cash used in operating activities	$ (6,420,083)	$ (2,665,938)
Net cash (used in) provided by investing activities	(3,539,494)	2,157,235
Net cash provided by financing activities	11,340,645	3,300,000
Effect of exchange rate changes on cash and cash equivalents	(990)	(5,179)
Net increase in cash and cash equivalents	$ 1,380,078	$ 2,786,118

Cash Flows from Operating Activities

Operating activities used approximately $6.4 million of cash during the period from April 24, 2012 to December 31, 2012. The cash used in operating activities resulted from our net loss of approximately $38.2 million due to the significant expenses we incurred for equity grant compensation, startup activities and preparation to become a public company, offset by non-cash charges of $33.6 million as well as a net change of approximately $1.8 million in our net operating assets and liabilities. Non-cash charges consisted of $29.4 million in share-based compensation payments. The net change in our operating assets and liabilities was the result of approximately $3.5 million of expenses relating to this offering and $1.0 million of increased receivables and security deposits offset, in part, by a $2.7 million increase in accrued expenses incurred in support of start-up activity, which included general operating expenses and costs incurred in the pursuit of ongoing business opportunities.

Net cash used in operating activities was approximately $2.7 million during the three months ended March 31, 2013. The net cash used resulted from our net loss of approximately $5.1 million offset, in part, by non-cash charges of $2.8 million and a net change in our operating assets and liabilities of approximately $0.4 million. The net loss is the result of significant expenses we continue to incur as a startup business and in preparation of becoming a public company. Included in non-cash charges was approximately $1.0 million in share-based compensation expense and equity grants to consultants. The net change in our operating assets and liabilities was the result of approximately $1.8 million of costs relating to this offering offset by a $1.4 million increase in accrued expenses which included general operating expenses and costs incurred in the pursuit of ongoing business opportunities.

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Cash Flows from Investing Activities

Cash used in investing activities for the period from April 24, 2012 to December 31, 2012 was approximately $3.5 million, and was the result of $1.5 million to purchase intangible assets, primarily consisting of developed technology used in our platform, net cash for the loan to QuantX in the amount of $2.2 million and contributions made in advance of regulatory approval in the amount of $2.2 million. This was offset by cash received in connection with acquisitions of approximately $2.4 million.

Net cash provided by investing activities during the three months ended March 31, 2013 was approximately $2.2 million and was from the repayment of the principal balance of $2.2 million on a note due from QuantX.

Cash Flows from Financing Activities

For the period from April 24, 2012 to December 31, 2012, financing activities provided approximately $11.3 million in cash, as a result of proceeds from the private sale of our equity securities.

Net cash provided by investing activities during the three months ended March 31, 2013 was $3.3 million as a result of proceeds of private sales of our equity securities.

Regulatory Capital

The SEC, CFTC, NFA, FINRA, FCA and other U.S. and non-U.S. regulators have stringent rules requiring that we maintain specific minimum levels of regulatory capital in our broker-dealer subsidiaries; limit certain types of indebtedness; finance operations only with certain "qualifying" debt if to be counted as acceptable capital; and, in certain instances, restrict, limit or otherwise prohibit the ability of owners of broker-dealers to withdraw capital from a broker-dealer, or for a broker-dealer to pay a dividend or make an unsecured advance or loan to a parent, affiliate or stockholder, or to effect any similar distribution or transaction, or to transfer or sell assets or transfer business lines/revenue streams to an affiliate.

SEC Rule 15c3-1 requires that certain SEC registered broker-dealers who do not hold funds or securities for, or owe money or securities to, customers but who engage in dealer activities maintain a net capital of at least $100,000. The $100,000 net capital requirement is only a minimum or floor and Liquid Prime Services will generally be required to maintain net capital in excess of $100,000. Determining the amount of net capital that Liquid Prime Services must maintain involves, in part, a leverage/ratio limit of the broker-dealer's "aggregate indebtedness" (total money liabilities arising from securities transactions, subject to certain exceptions) to ensure that aggregate indebtedness does not exceed 15 times the broker-dealer's net capital. Certain broker-dealers are subject to net capital requirements imposed by FINRA that are higher than those required under SEC Rule 15c3-1. With the foregoing in mind, Liquid Prime Services, our SEC registered broker-dealer subsidiary, which does not hold funds or securities for customers, is required to maintain a net capital of at least $100,000. As of July 31, 2012, December 31, 2012 and March 31, 2013, Liquid Prime Services maintained a net capital of approximately $1.6 million, $799,000 and $888,000, respectively.

CFTC Regulation 1.17 requires independent introducing brokers and FCMs to maintain an adjusted net capital of at least $45,000 and $1,000,000, respectively, or some greater amount as determined under CFTC Regulation 1.17(a)(1)(i), respectively. Prior to March 26, 2013, Liquid Futures operated as a non-clearing FCM and was required to maintain at least $1,000,000 of net capital. As of July 31, 2012, and December 31, 2012, Liquid Futures maintained a net capital of approximately $1.5 million and $1.1 million, respectively. Liquid Futures is now an independent introducing broker and is required to maintain $45,000 of net capital. At March 31, 2013, Liquid Futures maintained a net capital of approximately $338,000.

FCA regulations require broker-dealers to maintain minimum regulatory capital of €50,000. As an FCA regulated broker-dealer, Liquid Trading Institutional, our U.K. subsidiary, is required to maintain €50,000 of

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minimum regulatory capital, which is reported to the FCA in United Kingdom Pounds. As of July 31, 2012, December 31, 2012 and March 31, 2013, Liquid Trading Institutional maintained regulatory capital of approximately £127,000, £124,000 and £124,000, respectively (or approximately €162,000, €153,000 and €147,000, respectively).

With respect to capital contributions, our broker-dealer subsidiaries are permitted, subject to FINRA approval, to finance operations and satisfy regulatory capital requirements by using the proceeds from loans subject to agreements in accordance with SEC Rule 15c3-1d by which, among other things, the lenders subordinate their claims for repayment of the loan to the claims of the broker-dealer and other creditors of the broker-dealer (a subordinated loan agreement). The proceeds for such loans are cash or, in the case of a secured demand note, are collateralized by either cash and/or securities that are freely transferable and may be publicly offered and sold without registration under the Securities Act. If a broker-dealer subsidiary enters into such a satisfactory subordination loan agreement in accordance with SEC Rule 15c3-1d (with respect to Liquid Prime Services) and CFTC Regulation 1.17(h) (with respect to Liquid Futures), the broker-dealer may be restricted or limited in its ability to repay any such subordinated loan. Subordinated loans must generally remain outstanding (and, thus, not be repaid) for at least one year form the time of borrowing, and in certain cases require the approval of FINRA to be repaid prior to maturity, which FINRA may withhold. In addition, broker-dealers are generally limited in the amount of their capital that may be financed through satisfactory subordinated loans.

With respect to capital withdrawals, regulations (including, but not limited to, SEC Rule 15c3-1 for SEC registered broker-dealers, CFTC Regulation 1.17 (g) for CFTC registered brokers and FINRA Rule 4110 for FINRA member broker-dealers, such as Liquid Prime Services) are in place which limit or, in some cases, prohibit the ability of owners of broker-dealers to withdraw capital from a broker-dealer or for a broker-dealer to pay a dividend or make an unsecured advance or loan to a parent, affiliate or stockholder or to effect any similar distribution or transaction.

The SEC, FINRA, CFTC and certain state securities regulators have adopted an “early warning” notification system to help detect broker-dealers that may be in financial difficultly. Therefore, a broker-dealer whose net capital falls below certain levels, which may be above its regulatory minimum requirement, as described above, is subject to “early warning” to such regulators. Early warning reporting by a broker-dealer may have further implications. For example, under FINRA rules, a broker-dealer whose net capital falls below, or whose aggregate indebtedness exceeds, certain levels may be required to restrict business expansions and/or may be required to reduce its current business activities.

Pursuant to Section 15(i)(1) of the Exchange Act, the various state securities regulators are not permitted to impose, among other things, capital requirements that differ from, or are in addition to, the requirements established under SEC Rule 15c3-1 for SEC registered broker-dealers. Section 2(a) of the Commodity Exchange Act, or CEA, gives the CFTC “exclusive jurisdiction” over most of the activities it regulates thereby restricting State securities regulators from imposing capital requirements on CFTC registrants.

Regulators continue to evaluate and modify minimum capital requirements from time to time in response to market events and to improve the stability of the international financial system. Consequently, the net capital requirements of our subsidiaries are subject to change.

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Contractual Obligations and Commitments

The following summarizes our contractual obligations and commitments as of March 31, 2013 (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	Years 1-3	Years 4-5	More Than 5 Years
Litigation settlement	$ 250	$ 250[1]	$ —	$ —	$ —
Operating leases[2].	6,624	828	2,285	2,412	1,099
	$6,874	$ 1,078	$ 2,285	$ 2,412	$ 1,099

(1) We and our founders have agreed that Mr. Schaeffer will pay $750,000 related to a $1 million settlement with a former employee. See the section titled "Business—Legal Proceedings." On April 30, 2013, we paid $250,000, our apportionment of the settlement. If Mr. Schaeffer does not make the $750,000 payment by July 29, 2013, we will be obligated to make this additional payment.

(2) Consists of contractual obligations from non-cancellable office space under operating leases.

On May 1, 2013, entities controlled by Messrs. Ferdinand, Keller, Schaeffer and David Solimine entered into an agreement to transfer Mr. Solimine 2.75% of our common shares outstanding as of the date of the agreement. Pursuant to an anti-dilution provision in that agreement to maintain Mr. Solimine's 2.75% ownership interest in the Company, Messrs. Ferdinand, Keller and Schaeffer may owe Mr. Solimine common shares if we issue additional shares during the period beginning May 1, 2013 and ending on the earliest of immediately prior to the consummation of this offering and January 1, 2015. We have agreed that if any of Messrs. Ferdinand, Keller and Schaeffer do not deliver those shares, we will be obligated to issue anti-dilution shares to Mr. Solimine.

We have agreed that Mr. Schaeffer will become entitled to a cash bonus upon the completion of our initial public offering equal to the difference between his initial base salary of $250,000 and an effective base salary of $500,000 prorated for the amount of time between May 15, 2012 and the date of this offering.

We have agreed that Mr. Ferdinand will become entitled to a cash bonus upon the completion of our initial public offering equal to the difference between his initial base salary of $250,000 and an effective base salary of $500,000, prorated for the amount of time between May 15, 2012 and the date of this offering.

We have agreed that if this offering is consummated prior to December 1, 2014, we will pay Mr. Keller a cash bonus equal to the difference between (i) $275,000 times the number of days between May 15, 2012 and the date of the consummation of this offering divided by 365 and (ii) $75,000. See the section titled "Certain Relationships and Related Party Transactions—Other Transactions."

On June 13, 2013, Mr. Schaeffer, one of our founders and a member of our Board of Directors, loaned us $250,000 to be payable in full on December 13, 2013. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or December 13, 2013, after which time any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

On July 1, 2013, Ferdinand Holdings, LLC, a Delaware limited liability company of which Mr. Ferdinand is the managing member, loaned us $250,000 to be payable in full on December 31, 2013. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or December 31, 2013, after which time any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

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On July 11, 2013, Mr. Ross, a member of our Board of Directors, loaned us $250,000 to be payable in full on January 10, 2014. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or January 10, 2014, after which time any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $250,400 of the net proceeds of this offering to repay in full the amount outstanding under this loan. The loan proceeds were used for working capital.

We intend to purchase 105,000 shares of our common stock from Mr. Storms, our CEO and Chairman of the Board, at a price of $8.415 per share in connection with the consummation of this offering. Such purchase will be subject to, and conditioned upon, the completion of this offering. In connection with the closing of this offering, we expect to use $883,575 of the net proceeds of the offering to purchase these shares from Mr. Storms. The price per share to be paid by us in respect of these shares is equal to the public offering price per share to be received by us in this offering, less an amount equal to the underwriting discount payable per share to the underwriter in this offering.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include risk related to interest rates, foreign currency exchange rates and inflation.

Interest Rate Risk

We had cash and cash equivalents of approximately $1.4 million and $4.2 million as of December 31, 2012 and March 31, 2013, respectively. This amount was held primarily in cash deposits and money market funds and is held for working capital purposes. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of the interest rates in the United States. Due to the short-term nature of these instruments, a sudden change in market interest rates would not be expected to have a material impact on our financial condition, liquidity or our results of operations.

Foreign Exchange Risk

Our sales contracts are primarily denominated in U.S. dollars. A portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British pound. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not engaged in any foreign currency hedging transactions. As a result, we believe we currently have limited exposure to foreign currency exchange rates, and therefore we do not intend to enter into foreign currency hedging transactions. If our foreign operations increase, our exposure to foreign currency exchange rate fluctuations may increase and we could, if we deemed appropriate, enter into foreign currency hedging transactions to help mitigate such exposure.

Inflation

We do not believe that inflation has had a material effect on our business, financial condition, liquidity or results of operations to date. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, liquidity and results of operations.

Internal Control and Procedures

Prior to the completion of this offering, we have been a private company with limited accounting personnel to adequately execute our accounting processes and limited other supervisory resources with which to address our internal control over financial reporting. In connection with the preparation of our financial statements for the

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period from April 24, 2012 through December 31, 2012, our independent registered public accounting firm identified and communicated three material weaknesses in our internal controls over financial reporting to our Board of Directors. A material weakness is a deficiency, or a combination of deficiencies, that creates a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. The three material weaknesses related to our lack of: (i) internal controls and sufficient personnel to identify, analyze, record and report the accounting effects of the terms of agreements and contracts in accordance with U.S. GAAP; (ii) internal controls to safeguard and archive records to support amounts recorded in the financial statements; and (iii) policies, procedures and controls to identify, authorize, approve, monitor and account for and disclose related party transactions and arrangements, including those transactions outside the normal course of business, in the financial statements in accordance with U.S. GAAP. These material weaknesses resulted in audit adjustments to our financial statements which were identified by our independent registered public accounting firm.

We have begun taking steps and plan to take additional steps to remediate the underlying causes of our material weaknesses, primarily through the development and implementation of formal policies, improved processes, upgraded financial accounting systems and documented procedures, as well as the hiring of additional finance personnel. We hired a Chief Financial Officer in September 2012, an accounting manager and a General Counsel in March 2013, and a controller in April 2013, with the appropriate knowledge, experience and ability to fulfill our obligations to comply with the accounting, reporting and other requirements applicable to public companies. In addition, we contracted for a new ledger system in March of 2013 which we believe will enhance our internal controls and reporting capabilities once fully utilized, which we anticipate will occur before the end of 2013. Although we plan to complete this remediation process as quickly as possible, we cannot at this time estimate how long it will take, and our initiatives may not prove to be successful in remediating these material weaknesses.

Notwithstanding the identified material weaknesses, management believes our and our predecessor companies' consolidated financial statements included in this prospectus fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with U.S. GAAP.

Assessing our procedures to improve our internal control over financial reporting is an ongoing process. We are currently not required to comply with Section 404 of the Sarbanes-Oxley Act, or Section 404, and are therefore not required to make an assessment of the effectiveness of our internal control over financial reporting. As a result, our management did not perform an evaluation of our internal control over financial reporting as of December 31, 2012. Further, our independent registered public accounting firm has not been engaged to express, nor has it expressed, an opinion on the effectiveness of our internal control over financial reporting. In addition, the JOBS Act provides that, so long as we qualify as an "emerging growth company," we will be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. Although we are still evaluating the JOBS Act, we may take advantage of this exemption so long as we qualify as an "emerging growth company."

For the year ending December 31, 2014, pursuant to Section 404, our management will be required to deliver a report that assesses the effectiveness of our internal control over financial reporting. In addition, under current SEC rules, when we are no longer an emerging growth company, our independent registered public accounting firm will be required to report on the effectiveness of our internal control over financial reporting.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosure of contingent liabilities at the date of our financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis.

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Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

As a result of the factors described below, our revenues and earnings are subject to substantial fluctuation from period to period based on a variety of circumstances, many of which are beyond our control. An increase in financial market activity will generally result in increases in our revenues and earnings as our activity levels increase. Conversely, a general market retrenchment will typically lead to decreased revenues and earnings as a result of decreased activity. Accordingly, results for any historical period are not necessarily indicative of similar results for any future period.

Our significant accounting policies are presented in the notes to our audited consolidated financial statements for the period from April 24, 2012 through December 31, 2012 which are contained in this prospectus. The significant accounting policies that are most critical and aid in fully understanding and evaluating the reported financial results include the following:

Revenue Recognition

Consulting

We derive revenue from providing software development to outside parties on a consulting basis. Revenues for consulting services are generally recognized as the services are performed.

Software as a Service

We also derive revenue from providing software licenses for an online trading platform. There is no downloadable software, distribution or technology delivered to consumers. Software is provided under a hosting arrangement. Revenue is accounted for as software as a service arrangement since the customer does not have the contractual right to take possession of the software at any time during the hosting period. We recognize revenue for these software licenses when the following criteria have been met: (1) persuasive evidence of an arrangement exists; (2) delivery of the product has occurred; (3) the fee is fixed or determinable; and (4) collection is probable.

Brokerage

Transactions in securities, commissions and fees and related expenses are recorded on a trade date basis. Commissions and fees are derived primarily from facilitating securities transactions on behalf of clients. Liquid Prime Services derives revenue from (1) the mark-up generated by brokers executing fixed income and equity transactions on a riskless principal basis and (2) commissions generated by brokers executing equity trades on behalf of clients, which are settled with the client's clearing firm. Liquid Futures derives revenue from commissions generated by (1) facilitating over-the-counter agency transactions on behalf of clients and (2) by broker's executing exchange traded futures and options transactions on behalf of clients.

Business Combinations, Goodwill and Other Intangibles

Assets acquired and liabilities assumed are recorded at their fair values on the date of acquisition. The cost to be allocated in a business combination includes consideration paid to the sellers, including cash and the fair values of assets acquired and liabilities assumed. Both direct (e.g., legal and professional fees) and indirect costs of the business combination are expensed as incurred. Certain agreements to acquire entities include potential additional consideration that is payable, contingent on the acquired company maintaining or achieving specified earnings levels in future periods. The fair value of any contingent consideration would be recognized on the acquisition date with subsequent changes in that fair value reflected in income. The consolidated financial statements and results of operations reflect an acquired business from the date of acquisition.

An intangible asset is recognized as an asset apart from goodwill if it arises from contractual or other legal rights or if it is separable (i.e. capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented or exchanged).

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The judgments that are made in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following a business combination. Traditional approaches used to determine fair value include the income, cost and market approaches. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach or combination of approaches ultimately selected is based on the characteristics of the asset and the availability of information.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is reviewed for impairment at least annually. The goodwill impairment test is a two-step test. Under the first step, the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the entity must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

In December 2010, the FASB issued Accounting Standards Update, or ASU, 2010-28, *Intangibles—Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts, a consensus of the FASB Emerging Issues Task Force (Issue No. 10-A)*. ASU 2010-28 modifies Step 1 of the goodwill impairment test under ASC Topic 350 for reporting units with zero or negative carrying amounts to require an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are adverse qualitative factors, including the examples provided in ASC Paragraph 350-20-35-30, in determining whether an interim goodwill impairment test between annual test dates is necessary. The ASU allows an entity to use either the equity or enterprise valuation premise to determine the carrying amount of a reporting unit. ASU 2010-28 was effective for fiscal years, and interim periods within those years, beginning after December 15, 2010 for a public company.

Other intangibles with definite lives are amortized over their useful lives. All other intangibles are assessed at least annually for impairment. As defined in accounting policy ASC 360-10-35-21, impairment includes evaluating quantitative and qualitative measurements as applicable to the intangible asset. If impairment is indicated, an impairment loss is calculated as the amount by which the carrying value of an intangible asset exceeds its estimated fair value.

Share-based Compensation

We account for stock-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation* ("ASC 718"). ASC 718 addresses all forms of share-based plan ("SBP") awards including units issued under our Amended and Restated 2012 Equity Plan, or Equity Plan, and the Stock Incentive Plan. Under ASC 718 awards result in a cost that is measured at fair value on the awards' grant date, based on the estimated number of awards that are expected to vest and will result in a charge to operations over the requisite service period. For awards with graded vesting, we recognize stock-based compensation expense on a straight-line basis over the service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

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We account for equity-based transactions with nonemployees in accordance with ASC Subtopic 505-50, *Equity—Equity-Based Payments to Non-Employees.* All transactions with nonemployees in which goods or services are received in exchange for equity-based instruments are accounted for based on the fair value of the consideration received or the fair value of the equity-based instruments issued, whichever is more reliably measurable. We generally base the fair value on the equity-based instruments issued. We measure the fair value of the equity-based instruments issued in exchange for goods or services at the earlier of the date on which the counterparty completes the performance obligation or the date on which a performance commitment is reached. A performance commitment exists at the date of grant if it is probable that the counterparty will perform under the contract because the counterparty is subject to disincentives in the event of nonperformance that are sufficiently large to make performance probable at that date.

The fair values of the common stock were estimated by our management, with consideration given in certain cases to valuation analyses performed by an unrelated third party specialist. We believe that our management has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market for our common stock and in accordance with the American Institute of Certified Public Accountants' Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, at certain dates we considered various objective and subjective factors to determine the best estimate of the fair value of our common stock including:

- lack of marketability of our common stock;
- sales of common stock in arm's-length transactions on January 10, April 24, July 23 and October 23, 2012 and January 18, January 22 and February 1, 2013, as further described below, and price trends in these transactions;
- acquisitions needed for the development of our trading platform;
- funding; and
- likelihood of achieving a liquidity event, such as an initial public offering or a merger or acquisition given prevailing market conditions.

We valued the arm's length transactions at a value equal to the consideration paid by the relevant third party in the transaction. For these transactions, we used this valuation approach because it was not possible to utilize other valuation approaches. It was not possible to use other valuation approaches because there were no reliable projections as of the different valuation dates. Thus, an income approach methodology was not possible and we had little revenue and no earnings to use as the basis of a guideline public company methodology. Therefore, it was not possible for an unrelated third party valuation specialist to value our enterprise as a whole using these approaches. With respect to the fair values of the other transactions that were determined not to be arm's length, we used the values of the arm's length transactions as signposts and then applied straight-line interpolation to arrive at the fair values. The value determined by this approach was discounted for lack of marketability based on the estimated time remaining to the projected liquidity event.

We did not apply any alternative valuation methodologies or use any weightings in our analysis.

We granted and/or (rescinded) equity awards between April 2012 and the date of this prospectus as follows:

Grant Date	Number of Shares Granted	Fair Value Per Share	Aggregate Fair Value
April 25, 2012	1,623,546	$ 6.37	$10,348,136
September 30, 2012	356,174	7.93	2,824,744
October 23, 2012	612,911	7.77	4,760,000 (1)
December 10, 2012	(612,911)	7.77	— (2)

(1) Equity grant replaced.
(2) Equity grant rescinded.

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We issued common shares for registration rights penalties on December 24, 2012 as follows:

Grant Date	Number of Shares Granted	Fair Value Per Share	Aggregate Fair Value
December 24, 2012	242,020	$ 6.92	$1,674,704

We granted incentive units between April 2012 and the date of this prospectus as follows:

Grant Date	Maximum Number of Shares Represented by Incentive Units Granted	Fair Value Per Share	Aggregate Fair Value
October 31, 2012	371,575	$ 6.69	$2,484,274
December 10, 2012	626,808	6.66	4,172,390
December 18, 2012	840,002	6.87	5,773,849

We granted RSUs between April 2012 and the date of this prospectus, which have vested as follows:

Grant Date	Number of RSUs Vested[(1)]	Indicated Percentage	Aggregate Fair Value of Vested Amount
December 1, 2012	253,346[(2)]	1.35%	$1,910,624

(1) Does not include 1,215,646 RSUs granted to certain of our employees that have not vested.

(2) Represents approximately one-third of the award to our CEO, Mr. Storms, of 760,033 RSUs which vested on January 1, 2013.

We and/or certain of our founders sold or transferred common stock to certain of our employees, directors, audit committee members and strategic partners. We have recorded these sales and transfers as share-based payments because the transactions were below fair value or were for no monetary consideration. These transactions between April 2012 and the date of this prospectus were as follows:

Transaction Date	Number of Shares	Transaction Price Per Share	Fair Value Per Share	Aggregate Transaction Price*	Aggregate Fair Value*
October 1, 2012.	260,501	$ 5.76	$ 8.13	$1,500,000	$2,117,858
October 16, 2012.	34,733	7.20	8.09	250,000	280,825
November 13, 2012.	54,621	5.49	7.92	300,000	432,368
December 21, 2012	133,578	5.61	8.00	750,000	1,068,397
January 9, 2013.	43,577	6.88	7.76	300,000	338,102
January 15, 2013	90,786	4.13	7.74	375,000	702,622
February 28, 2013	18,193	5.50	7.71	100,000	140,250
March 12, 2013	46,096	5.42	7.61	250,000	350,625
April 5, 2013	720,498	—	7.32	—	5,273,540
May 1, 2013	541,901	—	7.33	—	3,973,750
May 10, 2013	191,616	—	7.54	—	1,445,000
May 13, 2013	61,317	6.52	7.54	400,000	462,400
May 14, 2013	766,466	6.52	7.54	5,000,000	5,780,000
May 14, 2013	47,904	6.52	7.54	312,500	361,250
May 14, 2013	104,431	—	7.54	—	787,525
May 14, 2013	70,898	7.05	7.54	500,000	534,650
May 15, 2013	191,616	7.05	7.54	1,350,000	1,445,000
May 16, 2013	15,329	6.52	7.54	100,000	115,600
May 29, 2013	95,808	—	7.54	—	722,500
June 20, 2013	191,558	—	7.54	—	1,445,000
June 24, 2013	67,035	—	7.54	—	505,750

* The difference between aggregate fair value and aggregate transaction price is expensed when each transaction is consummated.

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The following discussion relates primarily to our determination of the fair value per share of our common stock with respect to transactions that were determined to be arm's length and with respect to each of the other transactions described above with respect to which we incurred share-based compensation costs. A combination of the factors described below in each period led to the changes in the fair value of our common stock.

The fair value of each grant and/or sale was estimated by interpolating between the prior and subsequent arm's length transactions. The interpolation methodology assumed that the daily price change (expressed as a percentage) increased each day during the period proportional to the number of days in the period since the most recent arm's length transaction. We then applied a discount for lack of marketability that reflected the expected time to an initial public offering as of each date.

In addition, the grant date fair value of each incentive unit was estimated on the date of grant based on the fair value for the equivalent unit award adjusted for the profits interest hurdle provision using a put option calculated using the Black-Scholes option-pricing model. The fair value of the incentive units was estimated by the Company's management, with consideration given to valuation analyses performed by an unrelated third party specialist.

The weighted average assumptions for the incentive unit grants are provided in the following table. Since our shares are not publicly traded, expected volatility is estimated based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the Incentive Unit Award is based on the U.S. Treasury yield curve at the date of grant.

Valuation assumptions:	
Expected dividend yield	0%
Expected volatility	50%
Expected term (months)	10.5-11.0
Risk-free interest rate	.13%-.18%

January 10, 2012

On January 10, 2012, LTI raised $4.3 million in an arm's length transaction, which was to be exchanged for a 2.86% interest in us. Excluding a reduction in ownership due to the terms of our acquisition of LTI in September 2012, the ownership would have been 2.89%, which produced an indicated valuation of $132,353,000 on a marketable basis and $112,500,000 on a non-marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The completed acquisition of Centurion Capital Group on December 30, 2011 by Liquid Trading Holdings Limited (an entity which was subsequently contributed to Liquid Partners in May 2012), which provided our first operating assets.
- The agreement in principle for us to acquire GMA subject to the completion of certain performance targets.
- Our view that an initial public offering was feasible by November 2012.

April 24, 2012

On April 24, 2012, we entered into a term sheet with HA Investment III, LLC, or HA Investment III, an entity controlled by Mr. Von Allmen, which set out the terms for its investment in us. The term sheet indicated different scenarios under which the entity controlled by Mr. Von Allmen would receive an increasing ownership percentage depending on the timing of our initial public offering. The effective ownership percentage was

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calculated based on our management's view of the probabilities of each of these scenarios, resulting in an ownership percentage of 8.13%. In July 2012, we entered into a subscription agreement with HA Investment III. The total proceeds invested pursuant to this subscription agreement were $12,500,000 less fees of $1,250,000, for a net investment of $11,250,000. This produced an indicated valuation of $138,427,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The signing of a term sheet to raise equity from the entity controlled by Mr. Von Allmen to invest in us at a higher price than the previous equity raise on January 10, 2012.
- The contribution of Liquid Prime Holdings, Liquid Trading Institutional and Liquid Futures, which provided trading brokerage operation for the US, UK and futures markets, respectively, and demonstrated continued progress in our business plans.
- The signing of an agreement in principle to acquire Fundsolve, which would provide additional software assets.
- Our view that an initial public offering was feasible by November 2012.

We determined that these factors justified an increase in our valuation.

April 25, 2012

On April 25, 2012, we issued 1,623,546 shares with a fair value of $10,348,136 to certain employees, consultants and Board members.

Significant factors in determining the value of these grants were the same as those considered in connection with the April 24, 2012 investment in us discussed above.

July 23, 2012

On July 23, 2012, certain of our founders sold a 0.14% interest in us for $250,000 in an arm's length transaction. This transaction resulted in an indicated valuation of $178,571,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The successful sale of equity in an arm's length transaction at a higher price than the previous equity raise on April 24, 2012.
- The acquisition of software assets from Tragara Alpha Partners on April 27, 2012, which provided us with important trading algorithms.
- The approval by financial regulators of our ownership of Liquid Futures on May 9, 2012 and of Liquid Trading Institutional on July 2, 2012, which demonstrated that we could receive regulatory approval for our operations and showed continued progress in our business plans.
- Our view that an initial public offering was feasible by November 2012.

We determined that these factors justified an increase in our valuation.

September 30, 2012

We made a contingent grant to one of our founders equivalent to 356,174 shares with a fair value of $2,824,744.

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Significant factors in determining the value of this grant were the same as those considered in connection with the July 23, 2012 transaction discussed above as well as:

- The acquisition of software assets from LiquidView on July 30, 2012, which provided important software to us.
- The closing of the Fundsolve acquisition on July 31, 2012 and the closing of the GMA acquisition on August 27, 2012, which provided key components of our trading platform software.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time. Therefore, while the business continued to progress, the delay in the initial public offering began to depress the value.

October 1, 2012

On October 1, 2012, one of our directors purchased 260,501 shares from one of our founders for $1,500,000 with a fair value of $2,117,858.

Significant factors in determining the value of this transaction were the same as those considered in connection with the September 30, 2012 grant discussed above.

October 16, 2012

On October 16, 2012, one of our directors purchased 34,733 shares from one of our founders for $250,000 with a fair value of $280,825.

Significant factors in determining the value of this transaction were the same as those considered in connection with the September 30, 2012 grant discussed above as well as:

- The approval by financial regulators of our ownership of Liquid Prime Holdings on October 5, 2012, a key component in our business plans.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time. Therefore, while the business continued to progress, the delay in the initial public offering continued to depress the value.

October 23, 2012

On October 23, 2012, one of our founders sold a 0.057% interest in us for $100,000 in an arm's length transaction. This transaction resulted in an indicated valuation of $175,000,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The successful sale of equity in an arm's length transaction to invest in us at a price slightly lower than the previous equity sale on July 23, 2012.
- Our acquisition of software assets from LiquidView on July 30, 2012, which provided important software to us.
- The closing of the Fundsolve acquisition on July 31, 2012 and the closing of the GMA acquisition on August 27, 2012, which provided key components of our trading platform software.
- The approval by financial regulators of our ownership of Liquid Prime Holdings on October 5, 2012, a key component in our business plans.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time.

These factors showed we had continued to make progress with our business plans, but that a delay the initial public offering was possible, making the liquidity of the investment less predictable and reducing our valuation.

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October 23, 2012

On October 23, 2012, we granted 612,911 shares to one of our founders with a fair value of $4,760,000.

Significant factors in determining the value of this grant were the same as those considered in connection with the October 23, 2012 transaction discussed above.

October 31, 2012

On October 31, 2012, we granted incentive units representing a maximum of 371,575 shares with a fair value of $2,484,274. Significant factors in determining the value of this grant were the same as those considered in connection with the October 23, 2012 transaction discussed above and the Black-Scholes pricing model discussed above.

November 13, 2012

On November 13, 2012, a prospective marketing partner purchased 54,621 shares from one of our founders for $300,000 with a fair value of $432,368.

Significant factors in determining the value of this grant were the same as those considered in connection with the October 23, 2012 transaction discussed above as well as:

- The registration statement with respect to our planned initial public offering had not yet been filed.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time. Therefore while the business continued to progress, the delay in the initial public offering continued to depress the value.

December 1, 2012

On December 1, 2012, we granted 760,033 RSUs to Mr. Storms, our CEO, of which the equivalent of 253,346 shares vested on January 1, 2013 with a fair value of $1,910,624. The remaining approximately two-thirds of the grant vest equally on December 1, 2013 and December 1, 2014.

Significant factors in determining the value of this grant were the same as those considered in connection with the November 13, 2012 transaction discussed above.

December 10, 2012

On December 10, 2012, we granted incentive units representing a maximum of 626,808 shares with a fair value of $4,172,390. Significant factors in determining the value of this grant were the same as those considered in connection with the November 13, 2012 transaction discussed above and the Black-Scholes pricing model discussed above.

December 18, 2012

On December 18, 2012, we granted incentive units representing a maximum of 840,002 shares with a fair value of $5,773,849.

Significant factors in determining the value of this grant were the same as those considered in connection with the November 13, 2012 transaction discussed above as well as:

- The confidential submission of the draft registration statement to the SEC on December 11, 2012.
- The timing of the initial public offering was uncertain and served to depress the value.

In addition, we considered the Black-Scholes pricing model discussed above.

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December 21, 2012

On December 21, 2012, Mr. Storms, our CEO, purchased 133,578 shares from certain of our founders for $750,000 with a fair value of $1,068,397.

Significant factors in determining the value of this grant were the same as those considered in connection with the December 18, 2012 transaction discussed above.

December 24, 2012

On December 24, 2012, we issued 242,020 shares for a registration rights penalty with a fair value of $1,674,704.

Significant factors in determining the value of this issuance were the same as those considered in connection with the December 21, 2012 transaction discussed above.

January 9, 2013

On January 9, 2013, one of our strategic partners purchased 43,577 shares from one of our founders for $300,000 with a fair value of $338,102.

Significant factors in determining the value of this grant were the same as those considered in connection with the December 21, 2012 transaction discussed above plus the receipt of a response to the draft registration statement from the SEC.

January 15, 2013

On January 15, 2013, one of our directors purchased 90,786 shares from one of our founders for $375,000 with a fair value of $702,622.

Significant factors in determining the value of this grant were the same as those considered in connection with the January 9, 2013 transaction discussed above.

January 18, 2013

On January 18, 2013, we sold a 0.29% ownership interest in us for $500,000 in an arm’s length transaction. This transaction resulted in an indicated value of $170,000,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The sale of equity in an arm’s length transaction at a price approximately 3% lower than the previous sale of equity at October 23, 2012.
- The confidential submission of the draft registration statement to the SEC on December 11, 2012.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time.

These factors showed we had continued to make progress with our business plans, but that a delay in the initial public offering was possible, making the liquidity of the investment less predictable and reducing our valuation.

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January 22, 2013

On January 22, 2013, one of our founders sold a 0.29% ownership interest in us in an arm's length transaction for $500,000. This transaction resulted in an indicated value of $170,000,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The sale of equity in an arm's length transaction to invest in us at a price equal to that of the previous sale on January 18, 2013.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time.

We determined that these factors did not justify an increase in our valuation.

February 1, 2013

On February 1, 2013, one of our founders sold a 0.088% ownership interest in us in an arm's length transaction for $150,000. This transaction resulted in an indicated value of $170,000,000 on a marketable basis.

Significant additional factors in determining the fair value of our common stock as of this date were the following:

- The sale of equity in an arm's length transaction to invest in us at a price equal to that of the previous sale on January 22, 2013.
- Our view that an initial public offering, while still feasible, had not occurred and would be delayed for an indeterminate length of time.

We determined that these factors did not justify an increase in our valuation.

February 28, 2013

On February 28, 2013, one of our directors purchased 18,193 shares from certain of our founders for $100,000 with a fair value of $140,250.

Significant factors in determining the value of this grant were the same as those considered in connection with the February 1, 2013 transaction discussed above.

March 12, 2013

On March 12, 2013, certain of our founders sold 46,096 shares for $250,000 with a fair value of $350,625.

Significant factors in determining the value of this grant were the same as those considered in connection with the February 1, 2013 transaction discussed above.

April 5, 2013

On April 5, 2013, we granted 720,498 shares to an entity controlled by Mr. Von Allmen with a fair value of $5,273,540.

Significant factors in determining the value of this grant were the same as those considered in connection with the February 1, 2013 transaction discussed above.

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May 1, 2013

On May 1, 2013, our founders transferred 541,901 shares to David Solimine and Orca Trading LLC as consideration for his previous commitment to the development and growth of the Company with a fair value of $3,973,750.

Significant factors in determining the value of this grant were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 10, 2013

On May 10, 2013, one of our founders transferred 191,616 shares for no monetary consideration to another one of our founders with a fair value of $1,445,000.

Significant factors in determining the value of this grant were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 13, 2013

On May 13, 2013, one of our founders sold 61,317 shares for $400,000 to a consultant with a fair value of $462,400.

Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 14, 2013

On May 14, 2013, one of our founders sold 766,466 shares to Mr. Storms for $5,000,000 with a fair value of $5,780,000.

Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 14, 2013

On May 14, 2013, one of our founders sold 47,904 shares to one of our directors for $312,500 with a fair value of $361,250.

Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 14, 2013

On May 14, 2013, one of our founders, Mr. Storms and three employees transferred a total of 104,431 shares to an entity controlled by Mr. Von Allmen for no monetary consideration with a fair value of $787,525.

Significant factors in determining the value of these transfers were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 14, 2013

On May 14, 2013, one of our founders sold 70,898 shares for $500,000 to a consultant with a fair value of $534,650.

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Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 15, 2013

On May 15, 2013, one of our founders sold 191,616 shares to an entity controlled by Mr. Von Allmen, for $1,350,000 with a fair value of $1,445,000.

Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 16, 2013

On May 16, 2013, one of our founders sold 15,329 shares for $100,000 to a consultant with a fair value of $115,600.

Significant factors in determining the value of this sale were the same as those considered in connection with the February 1, 2013 transaction discussed above.

May 29, 2013

On May 29, 2013, two of our founders transferred 95,808 shares for no monetary consideration to a consultant with a fair value of $722,500.

Significant factors in determining the value of this transfer were the same as those considered in connection with the February 1, 2013 transaction discussed above.

June 20, 2013

On June 20, 2013, one of our founders transferred 191,558 shares for no monetary consideration to another of our founders with a fair value of $1,445,000.

Significant factors in determining the value of this transfer were the same as those considered in connection with the February 1, 2013 transaction discussed above.

June 24, 2013

On June 24, 2013, two of our founders transferred 67,035 shares for no monetary consideration to a stockholder with a fair value of $505,750.

Significant factors in determining the value of this transfer were the same as those considered in connection with the February 1, 2013 transaction discussed above.

We believe the fair value of our common stock as determined by us for purposes of recording share-based compensation in connection with the May and June 2013 transactions described above is not indicative of our value as a public company due to the following factors:

- our common stock will have increased liquidity as a result of being publicly traded; and
- we expect significant benefits to accrue to us as a result of becoming publicly traded through this offering, including (i) a substantial increase in our cash position that will allow us to accelerate and fund the implementation and execution of our business plan and our ability to generate revenue, (ii) an anticipated improved ability of our company to raise equity and debt capital going forward, and at a lower expected cost of capital and with reduced borrowing costs, as a result of being a publicly traded

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company, (iii) the expected increased attractiveness of our equity as a currency to raise capital, compensate employees and for acquisitions and other strategic transactions, (iv) a more competitive marketing position and profile with prospective customers as the visibility of our company will increase and (v) the expected increased attractiveness of our company to prospective employees, financing sources and other third parties.

Fair Value Measurements

Fair Value Hierarchy

We determine fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- **Level 1 Inputs:** Unadjusted quoted prices for identical assets or liabilities in active markets accessible to us at the measurement date.
- **Level 2 Inputs:** Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- **Level 3 Inputs:** Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Determination of Fair Value

The categorization of an asset or liability within the fair value hierarchy is based on the inputs described above and does not necessarily correspond to our management's perceived risk of that asset or liability. Moreover, the methods used by our management may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although we believe the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments and nonfinancial assets and liabilities could result in a different fair value measurement at the reporting date. Descriptions of the valuation methodologies, including the valuation techniques and the input(s) used in the fair measurements for assets and liabilities on a recurring and nonrecurring basis are itemized in footnote (3) of the Liquid Holdings Group, LLC December 31, 2012 financial statements.

GMA Software

In the valuation of the software, only the active lines of code were evaluated (e.g., lines of unused code were excluded from the valuation). We assessed the technical, functional and economic obsolescence inherent in the software and found that the total obsolescence was extremely low (5%) due to the fact that much of the GMA software had recently been developed. The GMA software was not initially designed for commercial use. Once it was determined that the software was to eventually be sold commercially, GMA continually updated the functionality of the software in an effort to gain market acceptance and compare favorably to competitive products.

The software began gaining market acceptance at the time the transaction to acquire GMA was completed. As a result, the software has generated minimal revenues. The lack of operating results for the software

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application in addition to the uncertainty surrounding the pricing and market acceptance of the application made it extremely difficult to develop a supportable cash flow forecast for the software. Instead, the software was valued based on the cost approach.

As the software begins to generate an earnings stream, the key assumptions that affect its fair value are essentially those assumptions that will affect the software's future cash flows. These factors and assumptions include: (1) revenue generated and the acceptance of the software in the marketplace, (2) the research and development expenses required to maintain and develop future versions of the software, (3) the life cycle of the software becoming shorter or longer than anticipated based on changing market and competitive conditions, and (4) the expected cash flow due to macroeconomic and industry factors. If any of the assumptions above would have a negative effect on our cash flow, it would have a negative effect on the fair value of the software.

Impairment of Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is generally based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition, as well as specific appraisal in certain instances. Measurement of an impairment loss for long-lived assets that management expects to hold and use is based on the fair value of the asset as estimated using a cash flow model. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

GMA Software

Over the life of the GMA software, certain events will be monitored to identify any impairment. We will monitor revenue generated and the acceptance of the software in the marketplace. To date, our revenues have been substantially dependent on related parties. Our management believes there is a high degree of uncertainty associated with this factor. We will also monitor the research and development expenses required to maintain and develop future versions of the software. Our management believes there is a moderate degree of uncertainty associated with this factor. The life cycle of the software can become shorter or longer than anticipated based on changing market and competitive conditions. Our management believes there is a low degree of uncertainty associated with this factor. Changes to the expected cash flow due to macroeconomic and industry factors will also be monitored. Our management believes there is a moderate degree of uncertainty associated with this factor. Circumstances that could reasonably be expected to negatively affect the key assumptions include, but are not limited to:

- a decrease in the acceptance of the software in the marketplace;
- increased costs to maintain the software;
- obsolescence of the software;
- increase in competition; and
- decline in the markets we participate in, including the financial services industry.

Significant revenue growth resulting in a significant increase in cash flows will be necessary to support the recoverability of the carrying value of the GMA software. If cash flows do not significantly increase, an impairment charge is reasonably likely. In addition, to the extent that one of the four events described above occurs and causes a negative event, we will assess the recoverability of the software as prescribed in ASC Topic 360, which could result in an impairment charge.

JOBS Act

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities

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Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other companies.

Recent Accounting Pronouncements

In July 2012, the FASB issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. This ASU allows an organization to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test for indefinite-lived intangible assets. An organization that elects to perform a qualitative assessment is required to perform the quantitative impairment test for an indefinite-lived intangible asset if it is more likely than not that the asset is impaired. The ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. We adopted the provisions of this ASU as of April 24, 2012. We believe that adoption of this guidance will not have a material impact on our consolidated financial statements.

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INDUSTRY

Industry Overview

We have developed and provide proprietary next generation software technology that seamlessly integrates trading, real-time risk management, accounting, reporting and administration tools in a single platform for the financial services community. Our current target customers include:

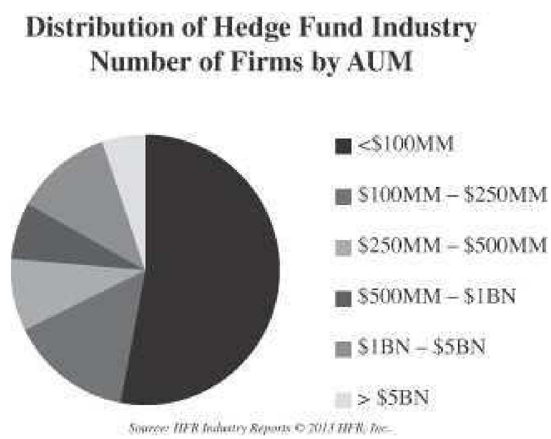
- Hedge Fund Managers: Hedge funds refer generally to a privately offered investment vehicles that pool the contributions of their investors in order to invest in a variety of asset classes, such as equity securities, futures contracts, options, bonds, and currencies. We offer our platform to the hedge fund community through both direct customer sales and indirectly through wholesale institutional licensing; and
- Financial Institutions: These entities include large brokerage institutions and prime brokers who may employ our technology on their trading desks to service their hedge fund clients or to support trading in their asset management operations. In addition, these entities may also license our platform to re-sell to their hedge fund and asset management clients. As a result, we may sell our software directly to or indirectly through these financial institutions.

We also target other prospective customers such as family offices, independent wealth managers, proprietary trading firms and mutual funds. We may offer our platform to these customers through direct sales and indirectly through wholesale institutional licensing.

Market-Size Overview

We believe that the investment management industry has substantially recovered from the 2008 financial crisis and continues to expand driven by demand for alternative asset class investing.

- Hedge Fund Managers: According to Hedge Fund Research, Inc., alternative asset managers' assets under management, or AUM, reached an all-time record of $2.25 trillion in 2012 and assets have grown 12.5% annually since 2008. Furthermore, we believe investors have been seeking innovative, alternative investment styles compared to more traditional portfolio management. This development has led to an increase in the number of small to medium-sized investment managers and proprietary trading firms and the growth in demand for diversification into new asset classes. Hedge Fund Research, Inc. also reports that, at the end of 2012, the number of hedge funds increased to 7,940 compared to 7,200 at the end of 2010, experiencing 10% growth over that period. Of these hedge funds, more than 75% are small to medium-sized hedge funds with $500 million or less in AUM.



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- Financial Institutions: We believe that we offer financial institutions an attractive, cost effective and integrated solution to displace multiple legacy systems for their internal use, such as their own hedge funds or private banks, and to license our platform for their institutional clients' use, for example in their capacity as a prime broker for outside hedge funds. According to Hedge Fund Research, Inc., a small number of prime brokerage firms account for the majority of alternative AUMs. By targeting this section of the market we believe we could service the majority of the hedge fund/family office community who utilize these prime brokers for custody and other services.

Industry Challenges Driving Demand

Many factors influence the demand for cost effective technology products and services supporting the financial services community. Some of these factors include:

- the increase in allocation of alternative assets in investing portfolios;
- the proliferation of trading venues and exchanges creates complexity of connectivity as managers seek access to these fragmented marketplaces;
- increased market regulation and scrutiny across global markets has raised the compliance cost burden as well as the need for data security;
- increased demand by end investors for portfolio transparency and liquidity through managed account investment allocations; and
- increased pressure on performance based fee structures which has created a need for cost structure improvements.

The increase in allocation of alternative assets in investing portfolios: Investment managers, in the aggregate, offer services to their clients which enable them to trade virtually every asset class available. While the World Federation of Exchanges reports the number of electronic order book global equity trades to have increased by greater than 77% from 2007 through 2011, trading in other asset classes has risen as well. According to the Futures Industry Association's 2008 Annual Volume Survey, global listed derivative contracts traded in 2007 totaled greater than 15 billion across 69 exchanges. The Futures Industry Association's 2011 Annual Volume Survey reports that the number of derivative contracts grew to almost 25 billion across 81 exchanges in 2011. The 2011 World Federation of Exchanges Derivatives Market Survey indicates that significant growth was observed as the number of currency options and futures traded worldwide exhibited a compounded annual growth rate of 63% between 2004 and 2011. Likewise, according to the 2011 World Federation of Exchanges Derivatives Market Survey, the number of commodity options and futures traded worldwide increased by more than four times between 2004 and 2011. Not only are the number of trades and volume increasing, but also, the notional amounts underlying these trades are increasing. Between June 2010 and June 2012, the notional amount outstanding of OTC derivatives increased from over $582 trillion to nearly $639 trillion, as reported by the Bank for International Settlements. We believe that this increase in trading of alternative asset classes is driving investment managers to seek out products and services that allow them to facilitate their business in a cost effective manner.

Trading liquidity has been dispersed due to the proliferation of trading venues and exchanges, thus creating complexity of connectivity for managers seeking access to fragmenting marketplaces: Trade execution has become increasingly complex as a result of new trading platforms and fragmentation of liquidity. Central marketplaces have become less dominant in the U.S. According to the BATS Market Volume Survey, in April 2013, BATS handled approximately 10.9% while Direct Edge handled approximately 10.3% of the U.S. monthly average equity trade volume, indicating considerable migration of liquidity from more traditional stock exchanges like NYSE and NASDAQ. We believe that efficient global market connectivity across all asset classes has become a critical component of competitiveness for service providers to the trading/asset management industry.

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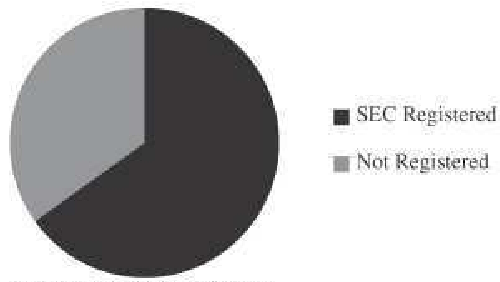
Increased market regulation and scrutiny across global markets has raised the compliance cost burden and the need for data integrity: The evolving requirements of increased regulation, such as the Dodd-Frank Act, have increased the regulatory burden on the financial services community. The Dodd-Frank Act eliminated the exemption from investment adviser registration that previously applied to private fund advisers and instituted detailed reporting requirements about their trades and portfolios. In addition to the Dodd-Frank Act, the SEC has increased its focus on how investment management firms are assuring effective oversight of their activities. We believe that these increased regulatory requirements will affect the investor relations, compliance, reporting and legal functions at all investment management firms. According to PricewaterhouseCooper's paper titled, "Top issues facing asset managers," this heightened regulatory environment is likely to continue for the foreseeable future, putting an additional cost burden on investment managers – both traditional and alternative.

Hedge Fund Adviser SEC Registration
US Firms: Q3 2012



Source: HFR Industry Reports © 2013 HFR, Inc.

Increased demand by end investors for portfolio transparency and liquidity through managed account investment allocations: Since the financial crisis, end investors have increased allocations to investment managers through the use of separately managed account structures. These structures allow end investors to keep custody of their assets (rather than invest in an intermediary vehicle with other investors that offers less transparency) and specify precise guidelines for investing said account, including transparency and liquidity constraints. End investors are increasing the reporting burden by demanding real-time position reporting across multiple managers and asset classes in order to assess overall portfolio risk and to reveal unusual concentration exposures.

Increased pressure on performance based fee structures causing revenue compression: There is a need in the financial services community for products and services that span the transaction lifecycle, from data delivery to pre-trade analytics, trade execution and post-trade operations. We believe most investment managers currently use a combination of independent technology vendors, in-house technology departments, large broker/dealers and exchanges to meet their infrastructure and disparate market connectivity requirements. These requirements and fee erosion have impacted profitability. Overall, management fees have generally remained flat since 2008 according to Hedge Fund Research, Inc. In its 2012 Third Quarter HFR Market Microstructure Hedge Fund Industry Report, Hedge Fund Research, Inc. reported that average performance fees for investment managers was 18.6% in the third quarter of 2012, representing a meaningful compression of 0.70% since January 2008.

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Source: HFR Industry Reports © 2013 HFR, Inc.

Due to many of the foregoing market factors, the asset management industry has experienced profit margin erosion over the past few years. According to an October 2012 McKinsey & Company publication titled “The Asset Management Industry: Outcomes Are the New Alpha,” operating profit margins for asset managers in McKinsey & Company’s 2012 Asset Management Benchmarking Survey have dropped 20% from 2007 to 2011, with 35% of total expenses for asset managers attributed to operations, technology and administrative functions. As a result, we believe that demand has increased for cost-effective and robust products and services for the asset management community that can help them effectively address the foregoing challenges and maximize profitability.

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BUSINESS

Overview

Liquid Holdings Group has developed and provides proprietary next generation software technology that seamlessly integrates trading, real-time risk management, accounting, reporting and administration tools in a single platform for the financial services community. Our current and prospective customers include small to mid-sized hedge fund managers, asset managers, wealth management offices, family offices and financial institutions. We deliver our technology efficiently, quickly and securely as a SaaS solution through the "cloud," or as a software installation on our customer's premises. The advanced feature set of our platform includes customizable and rapidly deployable multi-asset class trading software coupled with real-time risk management, accounting and reporting capabilities.

We believe that our platform's comprehensive, real-time approach provides a distinctive offering to our customers. We believe our comprehensive approach creates efficiencies for our customers by reducing the number of service provider relationships the customer needs to manage and maintain and reducing the level of IT personnel necessary to support and integrate those multiple applications.

Liquid Holdings Group was founded to develop and provide a seamless securities trading technology solution to meet a demonstrated need in the financial services community for global market access, risk management and portfolio accounting and reporting services. During the financial crisis, with high rates of asset management redemptions and the unpredictable nature of financing markets, it was clear to our founders that superior technology was needed to enable more informed decision making, manage risk better and provide broad access to liquidity. In addition, as a result of the Dodd-Frank Act, many financial institutions have exited or plan to exit proprietary trading, which has caused many traders to leave institutions to establish small to mid-sized funds. All of these funds require a cost effective technological solution to meet their trade execution, risk management and accounting and reporting needs.

The acquisition of a controlling equity interest in GMA by Brian Ferdinand, our Vice Chairman of the Board and Head of Corporate Strategy and one of our founders, and Robert Keller, another one of our founders and a former member of our Board of Directors, provided the key element of our development as a technology company by establishing our trading technology and developing our accounting, reporting and administration technologies. The acquisition of our risk management technology, its integration with our trading, accounting, reporting and administration technologies, and the acquisition of our broker-dealer and FCM (currently our independent introducing broker) operations give us a comprehensive platform for our target market. Our platform utilizes a core framework shared among all of its components, which allows us to deliver an integrated, scalable and customizable software solution to participants in the financial services community.

We have been able to attract a seasoned team of executive management and a Board of Directors with extensive industry experience. With our enterprise scale and technology architecture, we believe Liquid Holdings Group has created the technology standard for trading, global risk management, and account management in terms of features, security, reliability, and cost for participants in the financial services community.

Our platform offers the following features and capabilities:

- **A Single, Consolidated Portfolio View**. We offer a single trade, order and position management solution for multiple asset classes such as equities, options, futures, fixed income securities and FX. Our customers can aggregate positions, exposures and risk metrics across all of their portfolios and asset classes on a single screen in real-time. With our platform there is no need to purchase or integrate several external programs to consolidate risk management, accounting and reporting functions across asset classes;
- **Broker, Execution and Clearing Firm Neutral**. We provide our customers with the independence to select their preferred broker execution venues and clearing relationships. Our technology is able to

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connect our customers seamlessly to prime brokers and over 100 liquidity destinations, including broker-dealers, private alternative trading systems/platforms, or dark pools, and other electronic communication networks, or ECNs. We do not monetize, sell or take the opposing side of our customers' order flow, nor do we act as a market maker. Our technology allows our customers to be "broker neutral" in their choice of where a trade is executed, how the trade is sent to the market and which broker executes and clears the trade. We have established connectivity with some of the most recognized prime brokers and banking platforms in the world, offering our customers the ability to access these relationships for capital introduction and execution services globally;

- **Real-Time Portfolio Risk Management and Scenario Analysis**. The architecture of our platform enables our customers to perform highly complex computations of risk and project probabilistic scenarios using data feeds in real-time. This allows our customers to quantify the probability of portfolio risk based on variables that they input to simulate a macro or micro event based on historical market events. It also enables users to calculate theoretical values instantly for over a dozen historic market events and crashes to simulate portfolio performance in times of market volatility. Our platform automatically routes trade data to our risk management system for real-time analysis. We believe most of our competitors offer this type of analysis only on an end-of-day or as-requested basis; and
- **Accounting and Reporting Management, Fee Management, and Transaction Cost Analysis**. Our accounting and reporting database was designed to reconcile a vast number of trades and their associated fees and transaction costs, giving traders and managers a clear and concise view of their portfolio accounting, including exchange/ECN fees, "soft dollar" arrangements, and brokerage and accounting adjustments. Our flexible and scalable architecture allows traders, operations personnel and senior management to view customized reports on an individual, group or enterprise wide basis.

We have branded our risk metrics platform as LiquidMetrics, our trading platform as LiquidTrade and our accounting platform as LiquidView, together constituting the Liquid Platform.

We sell our platform in two ways: directly to customer and through volume based institutional licensing. Direct sales are primarily focused on hedge funds and other asset managers who seek more effective and cost efficient trading and risk management solutions, robust technology and access to prime brokerage services. Institutional licensing is focused on financial institutions seeking to reduce their technology, infrastructure, and support expenditure. Direct customer revenue is earned through software licensing and subscription fees. Institutional licensing revenue is earned through software licensing and subscription fees, integration and customization fees, and hosting and gateway fees.

We believe that hedge funds and other asset managers need a comprehensive, cost effective way to manage their trading and exposure. The economics for hedge funds and other asset managers who currently use disparate technology offerings creates a market opportunity for us. We believe that the costs to license, maintain, and integrate technology for all but the largest funds are daunting due to complexity and interconnectivity of marketplaces, the increasing mix of asset classes to trade, the demand from investors for increased transparency, and ever-changing regulatory requirements.

Larger institutions are facing similar economic and regulatory pressures. Many large institutions are suffering from a decrease in trading volume, compressed commission margins, and technology sprawl due to new regulation and the need to connect and trade multiple asset classes. At the same time, we believe that technology budgets at large institutions are under pressure and many technology managers are being charged with reducing costs and headcount. Because our platform can be securely delivered as a SaaS offering, the need for costly investment in infrastructure and connectivity can be significantly reduced or eliminated. In addition, our platform, by its already integrated nature, can obviate the need for additional support personnel, and the cadre of developers, project managers, and testers required for complex development and maintenance of integration software to tie together disparate technology offerings.

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Our Strengths

Our strengths include:

- ***State of the Art Technology**.* Our technology platform utilizes a state of the art flexible and scalable framework-based technology architecture that integrates order, trade, execution, real-time risk and portfolio management functions as well as accounting and reporting software for multiple asset classes on a single platform. Our platform is flexible and highly customizable, allowing our customers to match the use of our platform with their specific business processes and workflows. The flexibility of our platform also allows our customers to deploy our technology offerings individually or in any combination;
- ***Cross-Asset, Multi-Currency, Broker, Execution and Clearing Firm Neutral Platform**.* We have designed a cross-asset, multi-currency, broker, execution and clearing firm neutral platform providing our customers with access to over 100 sources of liquidity, including connectivity to top-tier investment banks and prime brokers. Using industry standard protocols, our platform has the ability, following basic certification procedures, to connect to any prime broker, exchange, dark pool or institution globally. We are able to efficiently integrate and interconnect our platform with the existing infrastructure of these institutions;
- ***SaaS Delivery**.* We are able to deliver our technology platform to customers using a SaaS delivery model. Our SaaS delivery option increases efficiency, reduces customer infrastructure costs and accelerates deployment. The SaaS capability allows our customers to deliver our platform to their employees and other end-users within days or even hours of our completing the sales cycle. Our SaaS delivery model enables us to realize and provide efficiencies and economies of scale in delivering and supporting our software in the following ways:
  - Our centralized server-based delivery of software makes installation, upgrades and support easy to implement and gives us the ability to control the user experience and quality of service;
  - The economics inherent in deploying our software makes SaaS delivery beneficial for both us and our customers by optimizing the utilization of servers and reducing fixed costs; and
  - SaaS delivery enables our customers to deliver our technology to their employees and other end-users on any device, anywhere, anytime, thereby giving them greater flexibility in how and where they use our technology platform;
- ***Strong and Experienced Management and Board of Directors.*** Our seasoned management team has, individually and collectively, decades of experience in delivering innovative technology and working in the financial services community. Our senior management team and Board of Directors includes the former Chairman and Chief Executive Officer of UBS Global Asset Management (Americas) Inc. and Marsh Inc., a former Partner and Managing Director of ECHOtrade, a high volume, 400-manager proprietary algorithmic trading firm and the former Chairman of NYMEX; and
- ***Continued Innovation Through Collaborative Product Development.*** The majority of the features in our platform were designed in collaboration with existing and prospective clients based on their specific functionality requests.

Our Strategy

We intend to position ourselves as a provider of value added software solutions that integrate trading, real-time risk management, accounting, reporting and administration tools for multiple asset classes on a single platform. We believe our unique software design allows us to deliver a comprehensive suite of products and services at a price point that is lower than that currently offered by our competitors for comparable products and services. The following are key elements of our strategy:

- Bringing a combination of an integrated technology platform, competitive pricing and efficient product delivery that is disruptive to the current marketplace;

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- Providing a superior product and an economical solution to underserved segments of the financial services community such as small to mid-sized hedge fund managers, asset managers, wealth management offices and family offices;
- Providing larger financial institutions with an attractive, cost effective and integrated solution for internal use and licensing to their clients;
- Growing our market share through internal development and selective acquisitions;
- Extending our global reach by entering into additional international and developing markets in which we believe there will be demand for our products and services; and
- Leveraging relationships with independent third-party asset allocators to accelerate the distribution of our technology.

Our Products and Services

Our proprietary technology platform offers professionals in the financial services community a comprehensive, interactive solution for seamlessly integrating trading, real-time risk management, accounting, reporting and administration tools. These combined technologies allow our customers to automate and coordinate front-office trading functions, middle-office risk management and reporting functions, and back-office accounting functions. We believe our platform enables our customers to focus on core operations, to better monitor and manage investment performance and risk, to improve operating efficiency and to make more informed decisions and reduce operating costs. Our platform's SaaS delivery option allows our customers to deliver products to their employees and other end-users on any device, anywhere, anytime, which creates flexibility in how, when and where our technology can be used. Our product also offers a fully customizable interface that enables users to tailor the execution system to the local user environment.

Trading Technology. Our proprietary trading technology is a cross-asset, multi-currency anonymous execution trading solution. It has connectivity to over 100 sources of liquidity, venues where buyers meet sellers, where bids and offers are provided and where trades are executed. This includes current connectivity with four prime-brokers, multiple dark pools and market makers. Our trading technology enables a single trade, order, and position management solution for multiple asset classes such as equities, options, futures, fixed income securities and FX. It is designed to be broker, execution, and clearing firm neutral, which allows our customers to choose any broker-dealer to execute and/or clear their trades.

Our trading technology provides extensive functionality and is accessible through a user-friendly and fully customizable interface. This customizable trader interface features dynamic window tabbing, custom visual filter alerts, user-created lists and symbol groups, window linking, extensive color and font selections, data refresh rate settings, alerts regarding securities that are difficult to borrow and multi sorting capabilities. Using a core framework for profiles and layouts, our trading technology provides traders the unique ability to access their saved elements from anywhere. Our proprietary sharing mechanism also enables circulation of trader-based objects across multiple users instantly.

The trading technology's blotter window, the screen a trader uses to manage positions, is a powerful tool with custom grouping, filtering, subtotaling capabilities for accurate real-time profit and loss (P&L), monitoring and risk management across multiple accounts and users. The blotter window enables our customers to review all positions and risk metrics in a combined format. There is no need for filters, add-ons, or external programs to consolidate risk or P&L positions. By allowing our customers to set custom grouping characteristics, both traders and managers can accurately gauge their true cumulative market exposure. In addition, traders can enter, view, and modify live orders across multiple accounts directly from the blotter window, providing them an efficient, centralized trade management mechanism. Our trading solution can be used as a free standing technology, and is also available in a fully integrated platform with our accounting, reporting and risk management tools.

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Risk Management Technology. Our proprietary risk management technology was built and designed for continuous, on-demand risk management calculations. While most of our competitors' solutions generally only offer this type of analysis on an end-of-day or as-requested basis, our technology is designed to perform highly complex computations of risk and project probabilistic scenarios in real-time. Our risk management solution's capabilities include end-to-end risk, portfolio, and volatility management as well as value-at-risk stress and scenario tests. This technology enables users to calculate theoretical values instantly for over a dozen historic market shocks and crashes in order to simulate portfolio performance in times of market volatility. It also allows our customers to quantify the probability of portfolio risk based on variables that they input to simulate a macro or micro event based on historical market events. Our risk management technology can be used as a free standing technology and is also available in a fully integrated platform with our trading, accounting, reporting and administration tools.

Accounting and Reporting Technology. Our proprietary accounting, reporting, fee management and transaction cost analysis database is designed to reconcile vast amounts of trades and their associated fees. The accounting database gives traders and managers a clear and concise view of their portfolio accounting, including exchange/ECN fees, "soft dollar" arrangements, brokerage and accounting adjustments. The accounting and reporting software uses a web-based portal, providing managers and customers with instant access to accounts. Its multi-platform delivery capability to platforms such as Windows, Mac, iPad, iPhone, and Android provides our customers with significant flexibility. Our accounting and reporting technology can be used as a free standing application and is also available in a fully integrated platform with our trading and risk management tools.

Support and Maintenance. We offer full time multi-tier support services to all of our customers to assist in the successful implementation of our platform and to optimize our customer's use of our platform during the terms of their subscription contracts. Our internal logging system tracks request for support from the time they are reported through their resolution, ensuring quality and consistency of service. We utilize remote access, system diagnostic and network traffic analyzing tools to quickly pinpoint and resolve support requests allowing our staff to diagnose issues remotely and economically. On an ongoing and as-needed basis, we plan to expand and update our technical support documentation using manuals, online videos and FAQ/Wiki pages. Typical methods of communication from and to customers include: traditional voice (telephone) as well as instant messaging (IM), email, text (SMS) messages, and broadcast messages within the software. Once we are notified of a support issue, it is logged into our tracking system and assigned a severity level. Efficient resolution is accomplished by routing workflow through "tiers" of support. If a timely resolution to an issue cannot be reached, it is escalated to the next Tier. Tier 1 Support Staff constantly monitor phone, email and IM for any incoming requests. Upon discovery or notification, all incidents and bugs are entered into our internal management tracking tool and routed to the correct department for resolution. If a support issue cannot be resolved within the Tier 1 parameters, it will be escalated to Tier 2 or Tier 3 to more experienced and senior staff for notification and resolution. Once a particular trader's operation is impacted to a greater level of severity, an escalation process is implemented and senior management at the Company are immediately notified and kept informed regarding problems and time-to-resolution estimates.

Broker-dealers and Independent Introducing Broker. Our broker-dealer entities, Liquid Prime Services and Liquid Trading Institutional, and our independent introducing broker entity, Liquid Futures enable us to facilitate ancillary execution services for our customers as a derivative of our technology business, which may allow us to leverage our institutional relationships by providing agency or introductory brokerage services in order to pass on savings for execution services through lower commission rates to our customers. Our broker-dealers and independent introducing broker do not handle customer funds or provide clearing services. They do not risk our capital or participate in any proprietary trading ventures. They are, however, generally required to indemnify the clearing firms and prime brokers for certain liabilities arising from our customers' failure to satisfy their obligations to the clearing firms and prime brokers, where we have made the introduction. On June 1, 2013 we ceased over-the-counter brokerage operations for Liquid Prime Services and Liquid Futures. Going forward, Liquid Prime Services and Liquid Futures will continue to be key components of our business strategy by providing agency brokerage services and facilitating the introduction of client assets to custody banking

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relationships. Both Liquid Prime Services and Liquid Futures will remain regulated entities with oversight from FINRA and the SEC, and the NFA and CFTC, respectively. We do not expect the cessation of the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures to impact our ability to provide agency brokerage services and facilitate the introduction of client assets to custody banking relationships. As complimentary service providers to our technology platform customers, Liquid Prime Services and Liquid Futures will no longer generate any significant transaction or other revenue, but will continue to incur salary, regulatory, accounting, legal and administrative expenses. See the section titled "Unaudited Pro Forma Condensed Consolidated Financial Statements" for a quantitative illustration of the effect of ceasing over-the-counter brokerage operations. We are considering consolidating Liquid Futures and Liquid Prime Services into a single entity. Such a consolidation would enable Liquid Futures and Liquid Prime Services to streamline their regulatory costs and consolidate their net capital, permit our customers to sign a single account agreement to conduct both futures and securities trading, and permit the consolidated entity to enter into a single clearing agreement to facilitate both futures and securities trades.

Our Technology

We believe that our platform provides an intuitive and customizable solution that facilitates high levels of adoption with limited need for training. Our technology platform is developed in a proprietary manner, with its core written in Java, a widely used programming language. We have designed our SaaS platform with a thin-client architecture, which does not require our customers to install large, complex software on their own computer and is accessible via a standard web browser, providing powerful and secure capabilities in an enterprise solution. Our proprietary technology platform stores all of our customers' trading information for analytics. Our infrastructure is sound, with several layers of redundancy built into both the software and our network. By utilizing carrier neutral data centers, we believe that we provide our customers with low latency and optimized connectivity. We use industry standard security and encryption and host our core software in secure, industry standard data centers. These data centers are the principal data centers for a very large percentage of the financial institutions and vendors serving the financial services sector. All connectivity between data centers and offices has multiple geographically diverse pathways provided by different carriers to reduce specific vendor risk.

Trading. The core technology of our trading platform, LiquidTrade, is comprised of a framework that offers an application programming interface, or API, for accessing components and services. Strong adherence to modern programming paradigms and use of patterns make the framework very flexible and provide a host of deployment options. Most of the services can reside on different machines. Our trading technology also offers a unique and flexible architecture built around loosely coupled services and set on an easily expandable core infrastructure. Since our trading technology is data provider neutral, the interface exposed by the services allows applications to request specific data regardless of the provider. An example of such a service is our Quote Management System, which can be powered by a number of plug-ins for different data vendors at the same time.

Our trading technology can also accept order generation via automated trading strategies through its exposed API, and is capable of receiving reports for executions done on another venue. This feature allows traders the ability to both automate their order flow, and also monitor, manage, and exit their positions with all the benefits of a "screen based" platform. These features are especially useful for a growing segment in the marketplace where the speed and sophistication of automation is essential, but powerful tools for portfolio and position management are also critical.

Some of the application features include:

- multiple brokers and multiple accounts capabilities;
- data provider neutral;
- real-time analytics and P&L with various filtering and grouping display;
- risk management tools;

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- advanced order types and simulated order types;
- basket trading and symbol grouping;
- powerful user management with levels of access, subordination and cross-accounts monitoring; and
- profile management system with sharing capabilities.

Risk Management. Our risk management platform, LiquidMetrics, extrapolates data from the core database and channels that data into our risk management mechanism which provides real-time income statement, fund performance, stress testing and risk analysis in a user-friendly format. These reports are calculated on a five second time delay, and output is generated in a portable document. This additional layer of risk management is a tool for our direct customers and institutional licensees alike, particularly due to its intuitive interface and output mechanism. These reports can be distributed several ways, including automated email attachment, mobile (iPad, iPhone and Android devices) and web-based HTML5 format.

Accounting and Reporting. The integrated database of our accounting and reporting platform, LiquidView, incorporates a proprietary solution for monitoring trade data, reconciling accounts, trades, and income statement management. This administrative technology aggregates trade data across brokers, clearing firms and accounts into a reporting format for administration and accounting, in real-time. These reports can also be distributed several ways, including automated email attachment, mobile (iPad, iPhone and Android devices) and web-based HTML5 format.

Research and Development

The responsibilities of our research and development department include product management, product development, quality assurance and technology operations. Our research and development department is located primarily in our New York City headquarters.

Parts of our core software technology were developed by entities which we acquired. Our team has integrated these technologies into one seamless platform, creating a differentiated solution for participants in the financial services community. To achieve optimal performance from our systems, we are continuously rewriting and upgrading our software. Use of the latest technology not only improves our performance but also helps us attract and retain talented developers. We are continuously refining our automated and integrated, real-time systems for trading, risk management, accounting, reporting and administration. In addition, we supplement our own research and development by outsourcing certain research and development projects to third-party service providers. We retain all intellectual property rights to any technology developed by our third-party service providers. The standards and policies of our research and development department set firm guidelines for build development, and ensure not only high reliability and performance, but also future scalability. As of July 1, 2013, we had six employees in research and development.

Customers

Our current and prospective customers are primarily small to mid-sized hedge fund managers, asset managers, wealth management offices, family offices and financial institutions. Our technology platform is available to our customers as an entire suite or customers can purchase products a la carte. As of June 1, 2013, we had 23 customers comprised of proprietary traders, small to mid-sized hedge funds and risk managers utilizing 385 units of our software product offerings. To date, our typical customer contracts do not have a fixed contract term and can be terminated with 30 days' prior notice; payment on the contracts is due monthly. Going forward, however, we expect that our future customer contracts will have a one-year contract term which will renew automatically for successive one-year terms, unless notice of termination is given at least 60 days prior to the contract's expiration date; payment on the contracts will be due monthly. Our customers are, based on their respective billing addresses, located in the United States and Europe, with U.S. customers representing 72% of our total revenue and customers outside of the United States representing 28% of our total revenue during the

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three months ended March 31, 2013. During this same period, a single customer, QuantX, an entity with which Messrs. Ferdinand, Schaeffer and Keller are affiliated, represented 26% of our total revenues and 76% of our software licensing revenues. In addition, for the three months ended March 31, 2013, all related parties, including QuantX, represented 30% of total revenues and 87% of our software licensing revenues.

Sales and Marketing

We sell our platform through direct customer sales and through wholesale institutional licensing primarily to small to mid-sized hedge fund managers, asset managers, and wealth management offices, who generally seek more effective and cost efficient trading, risk management, accounting and reporting solutions with robust execution and access to prime brokerage services. We also sell to larger broker-dealers and mid to large-sized hedge funds seeking to reduce their technology and infrastructure costs by outsourcing software development related to trade execution, risk management, and accounting and reporting internally and to their customers.

We develop sales pipelines and enhance brand awareness through our marketing initiatives. Our marketing programs target industry executives, technology professionals and senior business leaders. Our principal marketing initiatives include: lead identification, conference attendance and networking events, direct sales through industry contacts, partnerships, joint marketing efforts and leveraging our strong relationships with third party asset allocators.

As of July 1, 2013, we had eleven employees in sales and marketing. We intend to continue to invest in our sales and marketing function to drive long-term growth. Our sales team is organized with staff in New York and London. Our senior management contributes significantly to the sales effort because of their knowledge of the company product and services offerings and their extensive network in the target customer bases.

Competition

The software and services market for asset management and financial institutions software is a fragmented, highly competitive and rapidly evolving space. This market is subject to changing technology, shifting customer needs and frequent introductions of new products and services. Competitors vary in size, scope of services offered and geographic presence.

There are three categories where we face significant competition:

- Trading Technology: Since we support multiple asset classes, we compete with numerous technology vendors who provide order and execution management software. These include RediPlus (a licensed product of Goldman Sachs Execution & Clearing, L.P.), Eze Castle Software, Inc., LineData Services S.A., Charles River Systems, Inc., The Abernathy MacGregor Group, Bloomberg L.P., The Bank of New York Mellon Corporation, or BNY Mellon, BNY ConvergEx Group LLC, Fidessa Group PLC, ION Trading, Inc., Investment Technology Group, Inc., or ITG, Orc Software Inc., RealTick LLC, NeoVest, Inc., SunGard Data Systems Inc., or SunGard, and Trading Technologies International, Inc.
- Accounting and Administration: Due to the comprehensive nature of our post-trade services, we compete with several major and small administrators that provide accounting and administration software and services, including BNY Mellon, The Citco Group Limited, Cogency Software, Inc., Northern Trust Corp., SEI Investments Co., SS&C Technologies Holdings, Inc., or SS&C, State Street Corporation, Fortis Bank NV/SA and BAML Capital Access Funds.
- Risk and Portfolio Management Solutions: There are numerous risk management solutions software providers in the market. We compete with Risk Metrics and Barra (products of MSCI Inc.), Thomson Reuters, Statpro Group plc, OminHedge (a product of Delta Hedge Systems), Investor Analytics LLC, ConceptONE LLC, Calypso Technology, Inc., Numerix LLC, Imagine Software Inc. and a number of smaller consulting firms providing risk management and risk monitoring services.

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In addition to technology companies, we also compete against certain broker-dealers who provide trading software similar to ours. These competitors include BTIG LLC, Conifer Securities, LLC (which recently announced its proposed acquisition by Jones Trading Institutional Services LLC), Goldman, Sachs & Co., Interactive Brokers LLC, Lightspeed Financial, Inc. through its Lightspeed Trader platform and Wells Fargo Securities, Inc. through its Merlin Securities business. We also compete with full services (suite) providers such as Paladyne Systems Inc., Asset Control Systems Inc., Athena Investment Systems LLC, Nirvana Financial Solutions, Investcloud LLC, MIK Group, Agio International Company, LTD, Saxis Group, LLC, Hazel Tree Fund Services, LLC, Sungard through its Hedge360 service, SS&C, Advent Software, Inc. and Misys-Sophis.

We believe we compete favorably in each of these areas based on our cloud deployed, comprehensive approach, ease of use, scalability and flexibility, integration, security, reliability, the brokerage services, liquidity available through the platform, the speed of execution, asset class coverage and risk management capabilities. We also believe our broker, execution and clearing firm neutrality is attractive to many prospective customers. We believe our ability to offer customers a single platform to access all the above mentioned services desired by participants in the financial services community is an important competitive advantage. Our competitive position is also bolstered by the breadth of workflow functionalities we offer across the entire transaction lifecycle, including pre-trade, trade and post-trade services.

Intellectual Property

To protect our integrated technology platform and our products, we rely primarily on patent, trademark, copyright and trade secret law. We have filed an omnibus utility patent application with the USPTO directed to our integrated technology platform with trade execution, risk management, accounting and reporting capabilities. To date, no patent has issued under this application and we have not been issued any other patents covering our technology platform or filed other patent applications that are currently pending. We have developed and own proprietary software to operate our integrated technology platform that is protected under copyright law and trade secret law and have also licensed certain commercially available software.

As part of our strategy to protect our proprietary technologies and products and our intellectual property rights from unauthorized parties that may attempt to copy aspects of our products or obtain and use our trade secrets or other confidential information, we generally enter into confidentiality agreements with our employees, consultants and end-user customers, and generally limit access to and the right to use and distribute our proprietary information and proprietary technology.

Regulation

Our securities and futures businesses are subject to substantial regulation by U.S. federal and state regulatory agencies and derivatives, futures and securities exchanges and self-regulatory organizations, which can result in, among other things, substantial compliance costs. There are a number of proposals pending before federal, state, and foreign legislative and regulatory bodies (including changes in interpretation or enforcement) that could subject some or all of our businesses to increased regulation and/or additional regulatory and/or compliance costs.

These existing and proposed laws and regulations can be costly to comply with and can increase our operating costs, require significant management time and attention, and subject us to claims or other remedies, including fines or demands that we modify or cease existing business practices. Additionally, their constant fluctuation also presents us with certain uncertainties as to whether it may be exempted or may otherwise seek certain safe harbors from these regulations. As a global service provider to participants in the financial markets, to the extent that different regulatory regimes impose inconsistent or iterative requirements on the conduct of our business, we will face complexity and additional costs in our compliance efforts.

With respect to our technology business, we provide passive communication technology to our customers - such as money managers, hedge funds, and broker-dealers (who, in the instance of a broker-dealer, includes the

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customers of the broker-dealer that are the ultimate end user). The technology provides these customers with the independence to select their preferred broker execution venues, prime broker and clearing relationships on a trade-by-trade basis. Our technology has the ability to connect our customers to prime brokers and liquidity destinations, including broker-dealers, private alternative trading systems/platforms, or dark pools, and other electronic communication networks, or ECNs.

Our passive communication technology allows our customers to be "broker neutral" in their choice of where a trade is executed, how it is sent to a market center, who executes and clears the trade, and who provides financing for a trade (if applicable), as well as who carries the position for the customer after a trade has settled. Consequently, while our technology permits customers to transmit trade specifics to broker-dealers, the technology does not have any part, or role, in the structure or execution of securities transactions/trades, nor will our technology regulate the manner in which customers select whom to enter into such transactions with or any of the terms of those transactions. Thus, our passive communication technology does not perform any brokerage functions for customers, but merely provides a platform or forum for third party broker-dealers and customers to communicate with each other, at their sole discretion and initiation, regarding potential securities transactions between the parties.

In this regard, our passive communication technology will not be involved in the taking of orders for opening, closing, administration or other maintenance of brokerage accounts, the solicitation, processing or facilitation of securities transactions, display of quotations for securities, the purchase or sale of securities, the matching of bids to purchase and sell securities, or otherwise effecting securities transactions in securities or route orders among broker-dealers through the establishment of system priorities and we do not otherwise automate order flow among broker-dealers. Our passive communication technology does not enable us to provide or arrange credit/financing to customers. Our technology does not permit us to participate or oversee the sale or purchase of securities nor does it permit us to establish the parameters for any such transaction or trade. In addition, our passive communication technology does not cause us to have access to or handle customer funds or securities, recommend or endorse specific securities or otherwise, directly or indirectly, make any statement about, or endorsement or recommendation of any kind of, any broker-dealer to any customer, or otherwise become involved (other than by routing or communicating messages) with the financial services offered by broker-dealers.

Moreover, we do not receive compensation for the operation of our passive communication technology that is based, directly or indirectly, on the size, value, or occurrence of securities transactions (nor does our compensation for the operation of our technology vary depending on whether an order results in an executed trade), and our technology will not facilitate the sharing or splitting of commissions by participating broker-dealers, nor will it acquire, store, or report information with respect to such activity. While we have broker-dealer subsidiaries that license our passive communication technology, we do not conduct our passive communication technology business in or through our regulated broker-dealers.

Overview of U.S. Regulation

Our U.S. broker-dealer subsidiary is subject to the rules and regulations of the Securities and Exchange Act of 1934 and rules promulgated there under by the SEC, as well as the laws, rules and regulations of certain states. Additionally, we operate an independent introducing broker subsidiary that is subject to the CEA and rules promulgated thereunder by the CFTC. Additionally, these subsidiaries are subject to the requirements of various self-regulatory organizations such as FINRA and the NFA and our foreign affiliates are similarly regulated under the laws and institutional framework of the countries in which they operate.

U.S. broker-dealers and introducing brokers are generally subject to laws, rules and regulations that cover all aspects of the securities and derivatives business, including:

- Sales methods and trade practices;

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- Use and safekeeping of customers' funds and securities;
- Capital structure and use of margin;
- Recordkeeping;
- Privacy of confidential customer information;
- Financing of customers' purchases;
- Conduct of directors, officers, and other employees; and
- Periodic audits of brokerage firms for adherence to the foregoing.

In addition, the businesses that we may conduct are limited by our agreements with FINRA and NFA. These self-regulatory organizations examine their members' entry into new businesses, and each requires advance notice and, in most circumstances, an application to be filed and approved before the company's business operations can be expanded. This process can be time-consuming, costly, and may not be successful. Likewise, participation in new business lines, including trading of new products or participation on new exchanges or in new countries often requires governmental and/or exchange approvals, which may take significant time and resources. As a result, we may be prevented from entering new businesses that may be profitable in a timely manner, or at all.

Broker-Dealer Subsidiary, Liquid Prime Services, Inc.

Liquid Prime Services is a wholly-owned subsidiary registered as a broker-dealer with the SEC and in the State of New York and is a member of FINRA (CRD # 127818), and with FINRA serving as its designated self-regulatory organization, or DSRO. Broker-dealers are subject to regulations covering all aspects of the securities business, including sales and trading practices, public offerings, publication of research reports, use of customers' funds and securities, capital structure, record keeping and the conduct of directors, managers, officers and employees, and are also regulated by securities administrators in those states where they do business. Violations of regulations governing a broker-dealer's actions could result in censure, fine, the issuance of cease-and-desist orders, the suspension or expulsion from the securities industry of a broker-dealer or its officers or employees, or other similar consequences. Liquid Prime Services also conducts trading in government securities. The Department of Treasury has promulgated regulations concerning, among other things, capital adequacy, custody and use of government securities and transfers and control of governmental securities subject to repurchase transactions. The rules of the Municipal Securities Rulemaking Board, which are enforced by FINRA, govern the municipal securities activities of Liquid Prime Services.

Liquid Prime Services is also subject to FINRA approval with respect to changes in the broker-dealer's equity ownership that results in one person or entity, directly or indirectly, owning or controlling 25% or more of such equity ownership. Such FINRA approval would be triggered upon a change in the indirect ownership at the 25% or greater level occurring with respect to Liquid Prime Services. As a result of these regulations, our future efforts to sell shares or raise additional capital may be delayed or prohibited by FINRA. FINRA approval would also be required with respect to the direct or indirect acquisitions or transfers of 25% or more in the aggregate of the broker-dealer's assets or any asset, business or line of operations that generates revenues comprising 25% or more in the aggregate of the broker-dealer's earnings measured on a rolling 36-month basis. FINRA conflict of interests rules may make it difficult for the broker-dealer to participate in any public offering of the Company's securities. In addition, FINRA approval would be required in respect of any "material change in business operations" by the broker-dealer, including but not limited to, acting as a dealer, underwriter or market maker for the first or engaging in a new business activity that would require the broker-dealer to maintain a higher minimum level of net capital under the SEC's net capital rule. In addition, increasing the number of offices or registered personnel in any one-year period could constitute a "material change in operations" that could require FINRA approval.

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The broker-dealer is subject to "early warning" notifications to the SEC, FINRA and certain states in the event that its net capital falls below certain levels, or it fails to maintain required books and records, or it becomes subject to a material inadequacy or weakness in its financial reporting, among other things. In addition, the broker-dealer could become subject to risk assessment reporting to the SEC that would require it to disclose certain ownership positions and other information with respect to certain affiliates of the broker-dealer.

The foregoing is not intended to represent an exhaustive discussion of the extensive regulation to which the broker-dealer is subject, but rather is intended to highlight certain regulatory issues that could, or would, impact the broker-dealer.

Independent Introducing Broker Subsidiary, Liquid Futures, LLC

Liquid Futures is a wholly-owned subsidiary registered with the CFTC as an independent introducing broker and is a member of NFA (NFA # 0435521), and with NFA serving as its DSRO. Similar to broker-dealers, introducing brokers are subject to regulations covering all aspects of their derivatives business, including sales and trading practices, position limits, publication of research reports, segregation of customers' funds and securities, net capital requirements, record keeping and the conduct of directors, managers, officers and employees. Violations of regulations governing a broker-dealer's actions could result in censure, fine, the issuance of cease-and-desist orders, the suspension or expulsion from the derivatives industry of an introducing broker or its officers or employees, or other similar consequences.

Liquid Futures is subject to CFTC approval with respect to changes in the introducing broker's equity ownership that result in one person or entity, directly or indirectly, owning or controlling 10% or more of such equity ownership. As a result of these regulations, our future efforts to sell shares or raise additional capital may be delayed or prohibited by the CFTC.

Net Capital Requirements

The SEC, FINRA, CFTC, NFA and other regulatory agencies within the U.S. have stringent rules and regulations with respect to the maintenance of specific levels of net capital by regulated entities. Generally, a broker-dealer's capital is its net worth plus qualified subordinated debt less deductions for certain types of assets, and at least a minimum part of a broker-dealer's assets must be maintained in a relatively liquid form. Additionally, NFA requires that its independent introducing brokers maintain at all times net capital of at least $45,000.

Our failure to maintain the required net capital could result in suspension or revocation of our registration by the SEC or CFTC and our suspension or expulsion by FINRA or the NFA could ultimately lead to our liquidation or the liquidation of one of our subsidiaries. If net capital rules are changed or expanded, or if we incur an unusually large charge against net capital, our operations that require an intensive use of capital could be limited. Such operations may include dealing activities, marketing and the financing of customer account balances. The SEC, CFTC, FINRA and NFA also impose rules that require notification when net capital falls below certain predefined criteria, dictate the ratio of debt-to-equity in the regulatory capital composition of a broker-dealer (with respect to the SEC and FINRA) and introducing broker (with respect to the CFTC and NFA), and constrain the ability of a broker-dealer and introducing broker to expand its business under certain circumstances. Additionally, the net capital and other regulatory rules impose requirements that may have the effect of prohibiting a broker-dealer and introducing broker from distributing or withdrawing capital and requiring prior notice to the SEC, CFTC, FINRA and NFA for certain capital withdrawals.

Supervision and Compliance

Our broker-dealer and independent introducing broker subsidiaries each have their own respective compliance departments which support and seek to ensure proper operations of their businesses. The philosophy of these compliance departments, and of our company as a whole, is to comply with applicable laws and

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regulations when they engage in the business of providing investment services to their customers. To accomplish this, our subsidiaries have adopted policies and procedures to handle wide-ranging compliance issues such as trade and audit trail reporting, financial operations reporting, enforcement of short sale rules, enforcement of margin rules and pattern day trading restrictions, review of employee correspondence, archival of required records, execution quality and order routing reports, approval and documentation of new customer accounts, anti-money laundering and anti-fraud surveillance, internal ethics procedures and procedures to safeguard confidential client and company information.

Each broker-dealer and independent introducing broker subsidiary has a designated compliance officer who coordinates compliance procedures required by their respective regulatory organizations and seeks the assistance of legal counsel to draft and edit their procedures. These designated compliance officers, plus certain other senior staff members, are registered principals with supervisory responsibility over the various aspects of the subsidiaries' business. Staff members in each subsidiary's compliance department or in other departments of each subsidiary are also registered with FINRA, NFA or other regulatory organizations, as appropriate.

The PATRIOT Act and Increased Anti-Money Laundering Obligations

With the passage of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or the PATRIOT Act, financial institutions are required to, now more than ever, know certain information about their customers and monitor transactions for suspicious financial activities. The PATRIOT Act contains anti-money laundering, or AML, and financial transparency laws and mandates the implementation of various new regulations applicable to broker-dealers, introducing brokers and other financial services companies, including standards for verifying customer identification at account opening and obligations to monitor customer transactions and detect and report suspicious activities to the government. Institutions subject to the PATRIOT Act are required to implement specialized employee training programs, designate an AML compliance officer and submit to independent audits of the effectiveness of the compliance program. AML laws outside the United States contain similar provisions. There are significant criminal and civil penalties that can be imposed for violations of the PATRIOT Act, and significant fines and regulatory penalties can be imposed for violations of other governmental and self-regulatory organization AML rules.

As required by the PATRIOT Act and other rules, our broker-dealer and independent introducing broker subsidiaries have established comprehensive AML and customer identification procedures, designated AML compliance officers, and trained their employees regarding AML issues and procedures. Our broker-dealer and independent introducing broker subsidiaries also rely on the assistance of their respective clearing firms to monitor customer accounts for suspicious activity. These subsidiaries face risks that their policies, procedures, technology and personnel directed toward complying with the PATRIOT Act are insufficient and that they could be subject to significant criminal and civil penalties due to noncompliance. Such penalties could materially and adversely affect us, our financial condition and our operating results. Our broker-dealer and independent introducing broker subsidiaries also face substantial risks that the AML policies and procedures adopted by third parties, upon whom these firms rely for AML assistance, could fail or prove inaccurate.

"Know-Your- Customer" and Suitability Obligations

Registered broker-dealers and introducing brokers traditionally have been subject to a variety of rules that require them to know their customers, or KYC, and to provide "suitable" advice for their customers. Generally, KYC rules require regulated entities to use reasonable diligence in regard to the opening and maintenance of every account and to know (and retain) the essential facts concerning every customer. These rules require that the "essential facts" known about customers must be those that permit the firm to (a) effectively service the customer's account, (b) act in accordance with any special handling instructions for the account, (c) understand the authority of each person acting on behalf of the customer, and (d) comply with applicable laws, regulations, and rules." This generally requires our broker-dealer and independent introducing broker subsidiaries to know: (1) the name of any person authorized to act on behalf of the customer; and (2) any limits on that person's authority which the customer has communicated to the member firm.

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Suitability rules established by regulators also require registered broker-dealers and introducing brokers to capture factors concerning a customer's investment profile (e.g., age, investment experience, time horizon, liquidity needs and risk tolerance). These rules also require that a registered firm obtain and consider relevant customer-specific information when making an investment recommendation, and require firms to use reasonable diligence to obtain a customer's investment profile. In addition to the policies and procedures adopted by the firm's subsidiaries to comply with AML regulations, these subsidiaries have established internal controls, including extensive procedures for opening new accounts, which assist them in complying with the KYC and suitability rules.

Privacy Requirements

The Gramm-Leach-Bliley Act, or GLB, directs regulatory agencies to adopt rules to prohibit financial services firms from disclosing to a nonaffiliated third party any nonpublic, personal information about a client, unless the financial services firm has provided the client notice of a firm's privacy policy and the client has not directed that the information not be disclosed. Pursuant to this mandate, the SEC has adopted Regulation S-P under the Securities and Exchange Act of 1934, or Regulation S-P, and the CFTC has adopted Part 160 of the CFTC regulations under the CEA, or Part 160. In short, Regulation S-P and Part 160 both require registrants to establish a written privacy policy pertaining to consumer financial information and provide the privacy notice to customers at the time the account is opened and annually thereafter (and if required, provide and obtain customer "opt out" notices as required). Based on its legal requirements, our broker-dealer and independent introducing broker subsidiaries have adopted policies to protect the confidentiality of client information and have enacted policies and procedures to properly safeguard this information.

Business Continuity Planning

Federal regulators and industry self-regulatory organizations have passed a series of rules that require firms to maintain business continuity plans that describe what actions firms would take in the event of a disaster (such as a fire, natural disaster or terrorist incident) that might significantly disrupt operations. Just as a disaster is an event that makes the continuation of normal functions impossible, a disaster recovery plan consists of the precautions taken so that the effects of a disaster will be minimized, and the firm will be able to either maintain or quickly resume mission-critical functions—i.e., to enable the firm to continue operating, to reestablish operations, or to transfer a firm's business to other companies with minimal disruption to customers.

Our broker-dealer and independent introducing broker subsidiaries have developed business continuity plans that describe the steps that they would take in the event of various problematic scenarios. These plans are designed to minimize the costs of recovery, avoid confusion and reduce exposure to error in the recovery process, and avoid duplication of effort during the recovery process. These subsidiaries have established backup worksites that would be utilized in the event of a significant outage at their main places of operation. In addition, these subsidiaries have established procedures to strengthen their infrastructure, and have contracted with third party service providers to supply them with back-up databases and trading systems.

The Dodd-Frank Act

The enactment of the Dodd-Frank Act also introduced regulatory uncertainty that may impact the businesses of several of the firm's operating subsidiaries, and will result in additional regulation of our broker-dealer and independent introducing broker subsidiaries by the CFTC, the SEC, FINRA, NFA, and other regulatory organizations. The legislation calls for the imposition of expanded standards of care by market participants in dealing with clients and customers, including providing the SEC with authority to adopt rules establishing fiduciary duties for broker-dealers and directing the SEC to examine and improve sales practices and disclosure by broker-dealers. The Dodd-Frank Act also contains provisions designed to increase transparency in over-the-counter derivatives markets, including requiring the registration of all swap dealers and security-based swap dealers, and the clearing and execution of swaps through regulated facilities (subject to limited exceptions, including swaps with non-financial end-users and swaps that are not cleared by a clearing agency), in accordance with CFTC and SEC rulemaking.

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The implications of the Dodd-Frank Act on our businesses will depend to a large extent on the final rules that will be adopted by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the SEC, the CFTC and other agencies to implement the legislation, as well as the development of market practices and structures under the regime established by the legislation and the implementing rules. Similar reforms are being considered by other regulators and policy makers worldwide. Our subsidiaries do not currently trade in swaps or security swaps to an extent that would require further registration and regulation under the Dodd-Frank Act. Although the implications of the Dodd-Frank Act on us are currently limited, we will continue to assess our business, risk management, and compliance practices to conform to developments in the regulatory environment.

Sarbanes Oxley Act of 2002

As a public company, we will be subject to the requirements of the Sarbanes-Oxley Act. We expect that we will need to incur significant expenditures in the near term to develop systems and hire and train personnel to comply with the requirements associated with the Sarbanes-Oxley Act and with our becoming a publicly traded company.

Foreign Regulation

Our international subsidiaries are subject to regulation in the various jurisdictions where they have operations. The most significant of our international subsidiaries is Liquid Trading Institutional, registered to do business in the U.K. as brokerage company. As with those U.S. subsidiaries subject to applicable rules, the ability of Liquid Trading Institutional, which is regulated by the FCA, to pay dividends or make capital distributions may be impaired due to applicable capital requirements. Liquid Trading Institutional is also subject to regulations regarding changes in control. Under the FCA, regulated entities must obtain prior approval for any transaction resulting in a change in control of a regulated entity, with control being broadly defined by the FCA as a 10% interest in the regulated entity or its parent or otherwise exercising significant influence over the management of the regulated entity. As a result of these regulations, our future efforts to sell shares or raise additional capital may be delayed or prohibited by the FCA.

Over-the-Counter Derivatives, Central Counterparties and Trade Repositories

In September 2010, the European Commission adopted new rules relating to over-the-counter derivatives, central counterparties and trade repositories. The new rules introduce a reporting obligation for over-the-counter derivatives, a clearing obligation for eligible over-the-counter derivatives, a measures to reduce counterparty credit and operation risk for bilateral over-the-counter derivatives, common rules for central counterparties, and for trade repositories, and rules on the establishment of interoperability between central counterparties.

Employees

As of July 1, 2013, we had a total of 71 full-time employees. None of our employees are covered by collective bargaining agreements. We consider our employee relations to be good.

Properties

Our company headquarters are located in New York, NY, with another U.S. office in Florida. Outside the United States, we have an office in London. We lease each of these facilities and do not own any real property. We believe we have adequate office space or will be able to find additional space on reasonable commercial terms to meet our expected growth.

Legal Proceedings

We may from time to time be involved in litigation and claims incidental to the conduct of our business, including but not limited to intellectual property claims, and other legal proceedings. In November 2012, a

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former employee of the company filed a complaint in the United States District Court for the Southern District of New York against Liquid Holdings Group, Mr. Schaeffer, Mr. Ferdinand and entities controlled by Mr. Schaeffer. Among other claims, the complaint alleged breach of contract, breach of fiduciary duty and workplace violations. This case was voluntarily dismissed and refiled in New York Supreme Court. The parties recently entered into a final settlement agreement. In accordance with the settlement agreement, both the Company and its founders are jointly and severally liable for the settlement amount of $1.0 million. The Company and its founders have agreed to an apportionment of the settlement amount pursuant to which Mr. Schaeffer will pay $750,000. On April 30, 2013, the Company paid $250,000, its portion of the settlement. If Mr. Schaeffer does not make his $750,000 payment by July 29, 2013, the Company will be obligated to make this additional payment.

On July 2, 2013 we received a letter from a law firm representing two individuals who were involved in the establishment and operation of the over-the-counter brokerage operations of Liquid Prime Services and Liquid Futures, or the OTC Operations. We ceased these OTC Operations on June 1, 2013. The letter asserts certain purported breach of contract and fraudulent inducement claims against us, and that we have wrongfully withheld funds that these individuals claim are owed to them, in connection with the establishment, operation and wind-down of the OTC Operations. Among the claims made are that we failed to provide certain agreed-upon levels of capital to the OTC Operations, and that we imposed certain obligations on the OTC Operations to purchase our technology. The letter further asserts unspecified compensatory and punitive damages.

On July 23, 2013 these individuals filed a complaint in the Supreme Court of The State of New York against Liquid Holdings Group LLC, Liquid Prime Holdings LLC and Brian Ferdinand, one of our directors. The complaint alleges fraudulent inducement, breach of contract and unjust enrichment and seeks specified damages of up to $3 million and other compensatory and punitive damages in an amount to be determined at trial, as well as such other further relief as the court deems just, proper and equitable under the circumstances. We believe that the claims alleged by these individuals are without merit, and we intend to defend any such claims vigorously. However, it is too early to determine whether it is reasonably possible or probable that this matter could result in a liability to us, and the amount of any such liability cannot be reasonably estimated at this time. Legal proceedings are inherently uncertain, and we cannot assure you that it would not have a material adverse effect on our business, financial condition, liquidity or results of operations. Our prospective directors’ and officers’ insurance carrier will be excluding any coverage for claims relating to the OTC dispute. We are not currently subject to any other pending or, to our knowledge, threatened legal proceedings that we expect to have a material impact on our consolidated financial statements.

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MANAGEMENT

The following table provides information regarding our executive officers and directors as of the date of this prospectus:

Name	Age	Position(s) Held
Brian Storms	58	Chairman of the Board and Chief Executive Officer
Brian Ferdinand	36	Vice Chairman of the Board and Head of Corporate Strategy
Kenneth Shifrin	56	Chief Financial Officer
Robert O’Boyle	46	Executive Vice President and Director of Sales and Marketing
Jose Ibietatorremendia	44	General Counsel and Secretary
James Lee	44	Chief Administrative Officer
Jay Bernstein	65	Director
Darren Davy	46	Director
David Francescani	70	Director
Walter Raquet	68	Director
Thomas Ross	56	Director
Richard Schaeffer	61	Director
Victor Simone, Jr.	58	Director
Dennis Suskind	70	Director
Allan Zavarro	68	Director
William E. Ford	51	Special Advisor to the Board of Directors

Set forth below is a description of the backgrounds of our directors and executive officers.

Brian Storms is Chairman of the Board of our company effective as of the date of this prospectus. Mr. Storms has served as Chief Executive Officer of our company since December 2012 and as a director of our company since November 2012. He was previously Chairman and Chief Executive Officer of NYSE Blue, a company that formed through the 2011 merger of APX, Inc., or APX, and BlueNext, S.A., or BlueNext. Prior to the merger, since 2007 Mr. Storms was the Chairman and Chief Executive Officer of APX. Mr. Storms has served on the board of directors of APX since 2007. Mr. Storms is the former Chairman and Chief Executive Officer of Marsh Inc., Mercer Human Resource Consulting S.A., and UBS Global Asset Management (Americas) Inc. Mr. Storms has previously held positions including President and Chief Operating Officer of Mitchell Hutchins Asset Management Inc.; President of the Prudential Investments mutual fund and annuity complex; Managing Director of the International Retirement Group of Fidelity Investments Institutional Services Company, Inc., or Fidelity; Senior Vice President and Director of Fidelity’s Banking Division; Chief Executive Officer and President of Financial Services Advisors, Inc., a subsidiary of J.K. Schofield & Co.; and Senior Vice President for IFSA Corporation. Mr. Storms received his bachelor’s degree from the State University of New York at Stony Brook.

Mr. Storms was selected to serve on our Board of Directors due to his extensive experience in the financial services industry and in the development and implementation of companies’ growth strategies.

Brian Ferdinand served as President of our company from April 2012 until March 2013 and has served as Vice Chairman of the Board and Head of Corporate Strategy since then. Mr. Ferdinand is one of the founders of Liquid Holdings Group, LLC. Prior to founding Liquid Holdings Group, Mr. Ferdinand founded Liquid Futures and Liquid Prime Services in 2011 and served as the managing member of those entities until those entities were acquired by Liquid Holdings Group in 2012. From 2003-2010, Mr. Ferdinand was a Partner and Managing Director of ECHOtrade, a U.S. based broker-dealer. Mr. Ferdinand grew ECHOtrade from a single person to over 400 traders directly under his management with offices in New York, Boston, Philadelphia, Boca Raton, Miami, New Jersey and Chicago. He was responsible for ECHOtrade’s direct market access on NYSE, becoming the first client of Merrill Lynch & Co., Inc. to do so.

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Mr. Ferdinand was selected to serve on our Board of Directors due to his extensive knowledge of our company and significant experience working with early-stage technology companies.

Kenneth Shifrin has served as Chief Financial Officer of our company since September 2012. Prior to joining our company, Mr. Shifrin was the President of Essex Financial Services, Inc. from November 2008 until September 2012. Mr. Shifrin served as Chief Financial Officer of NYMEX, from 2006 to 2008. During his tenure at NYMEX Mr. Shifrin also served as Senior Vice President in 2006 and as Vice President and Controller from 2004 to 2005. Prior to his time at NYMEX, Mr. Shifrin served as Global Controller of Electronic Broking Systems. Mr. Shifrin has held several senior financial roles, including Chief Financial Officer of Gateway Logistics, Corp., and Chief Financial Officer and Vice President of Finance for Hirsch International, Corp. Mr. Shifrin received his bachelor's degree in economics from Stony Brook University, his Masters of Business Administration from Adelphi University and is a Certified Public Accountant.

Robert O'Boyle has served as Executive Vice President and Director of Sales and Marketing of our company since March 2013. Mr. O'Boyle brings over twenty years of business development and marketing leadership experience in the financial services industry. From 2002 until joining our company, he held several senior roles at Advent Software, Inc., including Vice President of Solutions Marketing, Business Development and Sales for Advent's Asset Management Group. As Vice President of Product Marketing and Product Management of Advent's Global Accounts Division, Mr. O'Boyle oversaw product strategy and positioning of Advent's global asset management and hedge fund accounting system. Previously, he led software and service development at Transcentive, Inc. (now known as Solium Transcentive LLC). Mr. O'Boyle received his bachelor's degree from the University of Connecticut.

Jose Ibietatorremendia has served as General Counsel and Secretary of our company since March 2013. From 2009 until joining our company, Mr. Ibietatorremendia served as Managing Director, General Counsel and Chief Compliance Officer of NYSE Blue and APX and continues to serve as Secretary of APX. Mr. Ibietatorremendia has served on the board of directors of APX since May 2013 and he served as a director of BlueNext from 2011 to 2012. He served in senior legal positions at Goldman, Sachs & Co. from 2006 to 2009 and at GE Capital prior to 2006. Mr. Ibietatorremendia began his career in private practice in 1994 at the law firm of Sullivan & Cromwell LLP, which he joined after serving as a law clerk to the Hon. Eduardo C. Robreno of the U.S. District Court for the Eastern District of Pennsylvania. Mr. Ibietatorremendia received his bachelor's degree from the Wharton School, University of Pennsylvania, and his law degree from the University of Pennsylvania Law School.

James Lee has served as Chief Administrative Officer of our company since May 2013. Prior to joining our company, Mr. Lee was Chief Information Officer of Endurance Specialty Insurance from 2012 to 2013 and with Marsh & McLennan Companies from 2006 to 2011. From 2001 to 2006, he was Executive Director, Chief Information Officer—Americas and Head of Managed Accounts Operations—Americas for UBS Global Asset Management. Mr. Lee started his career in management consulting with the IBM Business Consulting Services division. Mr. Lee received his bachelor's degree from Adelphi University.

Jay Bernstein has served as a director of our company since November 2012. Since 1988, Mr. Bernstein has been Chairman and Chief Executive Officer of NIC Holding Corp, a privately owned company principally engaged in the business of trading petroleum on futures exchanges and spot markets in the Atlantic basin. He has also served as the President of Petroterminal de Panama S.A., a private company in Panama City, Panama. Mr. Bernstein is a member of the Chairmans Council for the Long Island Philharmonic and the National Council for the Aspen Art Museum. He is a board member of Island Harvest and the Israel Museum in Jerusalem and serves on the Board of Trustees of the Washington Institute for Near East Policy. He received his bachelor's degree from the University of Pennsylvania and graduate degrees from the American University Washington College of Law and Harvard Law School.

Mr. Bernstein was selected to serve on our Board of Directors due to his extensive experience and knowledge of futures trading and his extensive investment career.

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Darren Davy has served as a director of our company since November 2012. Mr. Davy is currently the Chief Executive Officer of Davy Capital Management LLC, a position he has held since 2009. Mr. Davy has managed money for Brevan Howard Asset Management LLP from 2008 to 2009 and Omega Partners from 2006 to 2007. From 1999 to 2006 Mr. Davy ran Nexus Capital Limited, an affiliate of Soros Fund Management, managing the macro book for the Quantum Funds and Quota Funds. Mr. Davy has acted as a member of the investment committee at Omega Advisors, Inc. from 1995 to 1997 and was responsible for managing the Omega G10 Macro Group. Mr. Davy has also held positions as an executive arbitrageur for the Ross Group in Bermuda from 1991 to 1993, as senior arbitrage trader at BNP Capital Markets Ltd. in London in 1991, and as proprietary trader with Gerrard & National Holdings PLC in London from 1987 to 1991. Mr. Davy's investment career has spanned over 25 years.

Mr. Davy was selected to serve on our Board of Directors due to his extensive investment career and demonstrated experience making investments in financial services companies.

David Francescani has served as a director of our company since November 2012. Mr. Francescani is a principal in the New York office of Fish & Richardson, a leading intellectual property law firm in the U.S. Mr. Francescani served as Managing Principal of the New York office from 2004 to 2012 and served on the firm's Compensation Committee from 2002 to 2006. Mr. Francescani joined Fish & Richardson in 2001. Prior to that, Mr. Francescani was a partner at Darby & Darby, another intellectual property law firm from 1969 to 1986 and 1992 to 1998. From 1986 to 1992, Mr. Francescani was General Counsel and an Executive Vice President at J.J. Kenny Co., Inc., a financial services company specializing in municipal bonds. His legal practice involves intellectual property litigation in the fields of computers, software, telecommunications, financial exchanges and proprietary trading systems. He has practiced in the field of intellectual property law for over 45 years and is registered to practice before the USPTO. Mr. Francescani received his bachelor's degree from the University of Notre Dame and his law degree from the Notre Dame School of Law.

Mr. Francescani was selected to serve on our Board of Directors due to his extensive experience and knowledge of intellectual property law.

Walter Raquet has served as a director of our company since May 2013. Mr. Raquet is currently Chairman of Bolton LLC, an investment management company, which position he has held since 2012. Since 2012 he has served on the board of directors of Green Earth Technologies, Inc. From 2004 to 2011 he was Chairman of WR Platform Advisors LP, a technology platform and service provider of managed accounts for hedge fund investments. Mr. Raquet was a co-founder of Knight Capital Group, Inc., or Knight, where he served as Chief Operating Officer from its inception in 1995 until 2000 and as its Executive Vice President from 1998 through 2002. During that period he also served as a member of Knight's board of directors. Prior to 2002, Mr. Raquet was a Senior Vice President with Spear, Leeds & Kellogg L.P./Troster Singer Corporation and a Partner at Herzog Heine & Geduld, LLC., where he directed the firm's technology and marketing efforts. Mr. Raquet has also served previously as Corporate Controller for PaineWebber Group Inc., Executive Vice President of Cantor Fitzgerald, L.P. and Controller for Weeden & Co. L.P. Mr. Raquet is a certified public accountant and practiced at the accounting firm of PriceWaterhouseCoopers LLP. Mr. Raquet received his bachelor's degree in accounting from New York University.

Mr. Raquet was selected to serve on our Board of Directors due to his extensive background and experience in the financial services industry and with corporate finance matters.

Thomas Ross has served as a director of our company since November 2012. Mr. Ross is an energy trading professional and the former head of trading at BP North America. With over 30 years of experience in trading and risk management, his career spans London, New York and Chicago. Since 2009, Mr. Ross has been the owner of Carradale Partners LLC, an energy consulting firm. From 2006 to 2009, Mr. Ross oversaw British Petroleum's North American trading operations, including offices in Calgary, Long Beach, Houston and Chicago with activities in exploration and production, refining and entrepreneurial trading in North and South America. He has been a member of the ICE Board of Directors and an active member of the NYMEX advisory committee.

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Mr. Ross was selected to serve on our Board of Directors because he brings more than 30 years of background in trading and risk management.

Richard Schaeffer has served as a director of our company since April 2012. Mr. Schaeffer served as Executive Chairman of our company from April 2012 until March 2013 and as Chairman of the Board from March 2013 until the date of this prospectus. Mr. Schaeffer is one of the founders of Liquid Holdings Group, LLC. Since 2011, Mr. Schaeffer has served on the board of directors of AC Investment Management LLC, a private New York based investment advisor specializing in focused niche fund of hedge funds, and from 2011 to 2012, he served on the board of directors of Quantitative Alpha Trading Inc., a publicly traded technology company that researches, develops and markets proprietary sentiment based automated trading systems. Since 2008, he has served as a Special Advisor to General Atlantic LLC. From 2010 to 2011, Mr. Schaeffer served on the board of directors of magicJack VocalTec Ltd. and from 2009 to 2010 served as a director of YMax Corp. until its merger with VocalTec Ltd. Mr. Schaeffer served as a member of the board of directors of NYMEX from 1990 to 2008, including as Vice Chairman from 2004 to 2006 and Chairman from 2006 to 2008. He was also the Treasurer of NYMEX from 1993 to 2004. Mr. Schaeffer has served as a Director of International Maritime Exchange, or IMAREX, the leading Norwegian financial derivatives exchange, as well as a director of the Montreal Stock Exchange. He also held a seat on the board of directors of the University of Maryland’s Robert H. Smith School of Business. From 1997 until April 2006, Mr. Schaeffer was an executive director of Global Energy Futures for ABN AMRO Bank N.V., or ABN AMRO. From 1992 to 1997, Mr. Schaeffer was a senior vice president/director of The Chicago Corporation, which was a clearing member of both the NYMEX Division and the COMEX Division, until its buyout by ABN AMRO. Mr. Schaeffer received his bachelor’s degree from the University of Maryland.

Mr. Schaeffer was selected to serve on our Board of Directors due to his extensive knowledge of our company and the industry as well as his significant corporate governance experience as a result of more than twenty years of service on the board of directors of NYMEX.

Victor Simone, Jr. has served as a director of our company since March 2013. From 2006 until his retirement in 2009, Mr. Simone served as Global Head of the Principal Strategic Investments Group at Goldman Sachs. During his tenure at Goldman Sachs, Mr. Simone led the firm’s Global eBusiness Group, its Institutional Client Services Group, its Private Client Services Fixed Income Group, and also served as Chairman of the firm’s Innovation Committee and the Fixed Income Industry Groups. He joined Goldman Sachs in 1981 after working in the corporate banking department of the Chase Bank, and he was named a managing director at Goldman Sachs in 1997. He has served as chairman of the Boards of a number of financial technology companies, including Tradeweb Markets LLC, as well as in a variety of other board positions. He served as a director of Interactive Data Corporation from 2009 to 2010, served on the GETCO Advisory Board from 2010 to 2011, and served as a senior industry executive of Welsh, Carson, Anderson & Stowe from 2011 to 2012. He is currently a director of the Boston College Wall Street Executive Council, the Boston College Financial Advisory Board and the New York Fellowship. Mr. Simone received his bachelor’s degree from Boston College and his Masters of Business Administration from New York University.

Mr. Simone was selected to serve on our Board of Directors due to his extensive capital markets experience as a result of nearly three decades of senior management roles at Goldman Sachs.

Dennis Suskind has served as a director of our company since November 2012. Mr. Suskind held the title of general partner of Goldman Sachs until his retirement in 1991. Mr. Suskind currently serves on the board of the Chicago Mercantile Exchange, a position he has held since 2008. He also serves on the board of the Bridgehampton National Bank where he is Vice Chairman. Mr. Suskind was among those elected as an inaugural member to the Futures Industry Association’s Hall of Fame in 2005. He previously served as Vice Chairman of NYMEX, Vice Chairman of COMEX, a member of the board of directors the Futures Industry Association, a member of the board of International Precious Metals Institute, and a member of the boards of the Gold and Silver Institutes in Washington, D.C. Mr. Suskind was President of the board of directors of the Arthur Ashe

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Institute for Urban Health at its inception and has served as a Member of the President's Council of the Peconic Land Trust, President of Brown University's Parents' Council, Founding Member of Mt. Sinai's Hospital Associates, the board of directors of the Nature Conservancy, and as a board member of the Collegiate School. From 2001 to 2004, Mr. Suskind held a Town Council seat in the Town of Southampton, New York. The Preservation League of New York State presented Mr. Suskind with its 2005 Pillar of New York Award.

Mr. Suskind was selected to serve on our Board of Directors due to his extensive knowledge of the industry and his significant corporate governance experience as a result of his service on the Board of Directors of numerous mercantile exchanges and industry groups.

Allan Zavarro has served as a director of our company since March 2013. Mr. Zavarro is currently the president of A. Zavarro and Co. Inc., a position he has held since 2006. From 1997 to 2006 he was Chief Executive Officer of the Global Futures business at ABN AMRO. From 1992 until joining ABN AMRO, Mr. Zavarro worked for Citicorp as President and Chief Executive Officer of Citicorp Futures Corporation. Mr. Zavarro served as Account Executive, Branch Manager, Marketing Manager and Chief Executive of Merrill Lynch's wholesale securities business, Broadcort Capital Corp., and Chief Executive of Merrill Lynch Futures Inc. He has served on the boards of Merrill Lynch Futures Inc., Broadcort Capital Corp., Citicorp Futures Corp., Citicorp Commodities Corp., Citicorp Global Asset Management, CM Capital Markets and the Futures Industry Association and has been a member of the NYSE, Chicago Mercantile Exchange, Chicago Board of Trade, and the NYMEX. Mr. Zavarro attended Southern Illinois University and the New York Institute of Finance and completed the Merrill Lynch Advanced Management Program in 1988.

Mr. Zavarro was selected to serve on our Board of Directors due to his extensive knowledge of the futures trading industry and his significant corporate governance experience due to service on many boards of directors.

William E. Ford has served as special advisor to our Board of Directors since December 2012. Mr. Ford has been the Chief Executive Officer of General Atlantic, a growth investment firm, since 1991. Mr. Ford currently serves on the board of several General Atlantic portfolio companies including Mu Sigma Inc. and Oak Hill Advisors, L.P. He formerly served on the boards of NYSE Euronext, E*Trade Financial Corporation, Priceline.com Incorporated, NYMEX Holdings, Inc. and Zagat Survey, LLC. Mr. Ford is involved with a number of not-for-profit organizations and is a member of the board of trustees of The Rockefeller University and the advisory boards of the Stanford Business School and Tsinghua University's School of Economics and Management. Mr. Ford received his bachelor's degree in Economics from Amherst College in 1983 and his Masters of Business Administration from the Stanford Graduate School of Business in 1987.

Board Composition

Our Board of Directors consists of eleven directors, including our Chief Executive Officer. Our certificate of incorporation, as will be in effect prior to the completion of this offering, will provide that our Board of Directors shall consist of such number of directors as determined from time to time by resolution adopted by a majority of the directors then in office. Any additional directorships resulting from an increase in the authorized number of directors or other vacancies may only be filled by the directors then in office. The term of office for each director will be for three years and until his or her successor is duly elected and qualified.

Our Board of Directors will be divided into three classes, with each director serving a three-year term, and one class being elected at each year's annual meeting of stockholders. Messrs. Schaeffer, Ross and Storms will serve as Class I directors with an initial term expiring in 2014. Messrs. Bernstein, Ferdinand, Francescani and Zavarro will serve as Class II directors with an initial term expiring in 2015. Messrs. Davy, Raquet, Simone and Suskind will serve as Class III directors with an initial term expiring in 2016. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors.

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The division of our Board of Directors into three classes with staggered three-year terms may have the effect of delaying, deterring or preventing a change of our management or a change in control of us.

Director Independence

Based upon the listing standards of the NASDAQ Global Market and SEC regulations, our Board of Directors has determined that Messrs. Bernstein, Davy, Francescani, Raquet, Ross, Simone, Suskind and Zavarro are "independent" under the standards of the NASDAQ Global Market.

Committees of the Board of Directors

Our Board of Directors has established executive, audit, human resources and compensation, and nominating and governance committees. The composition, duties and responsibilities of these committees are set forth below.

Executive Committee

Our Board of Directors has established an executive committee which is responsible for exercising all of the powers of our Board of Directors during intervals between meetings, except for those powers delegated to other committees of our Board of Directors and powers which may not be delegated to a committee of our Board of Directors under Delaware law, NASDAQ rules and regulations, or our certificate of incorporation or bylaws. Our Board of Directors has adopted a written charter for the executive committee, which will be available on our website upon the completion of this offering.

Our executive committee consists of Messrs. Schaeffer, Ferdinand, Storms and Ross.

Audit Committee

Our Board of Directors has established an audit committee which is responsible for, among other matters: (1) appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm; (2) discussing with our independent registered public accounting firm their independence from us; (3) reviewing with our independent registered public accounting firm the matters required to be reviewed by applicable auditing requirements; (4) approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm; (5) overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC; (6) reviewing and monitoring our internal controls, disclosure controls and procedures and compliance with legal and regulatory requirements; (7) establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls, auditing and federal securities law matters.

Our audit committee consists of Messrs. Raquet, Suskind and Zavarro, with Mr. Zavarro serving as chairman. Rule 10A-3 of the Exchange Act and NASDAQ Global Market rules require us to have one independent audit committee member upon the listing of our common stock on the NASDAQ Market, a majority of independent directors within 90 days of the date of this prospectus and all independent audit committee members within one year of the date of this prospectus. Our Board of Directors has affirmatively determined that each of Messrs. Raquet, Suskind and Zavarro meets the definition of an "independent director" for purposes of serving on an audit committee under Rule 10A-3 and NASDAQ Global Market rules, and we intend to comply with the other independence requirements within the time periods specified. In addition, our Board of Directors has determined that Mr. Raquet will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our Board of Directors has adopted a written charter for the audit committee, which will be available on our website upon the completion of this offering.

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Human Resources and Compensation Committee

Our Board of Directors has established a human resources and compensation committee which is responsible for, among other matters: (1) reviewing officer and executive compensation goals, policies, plans and programs; (2) reviewing and approving or recommending to the Board or the independent directors, as applicable, the compensation of our directors, Chief Executive Officer and other executive officers; (3) reviewing and approving employment agreements and other similar arrangements between us and our officers and other key executives; and (4) appointing and overseeing any compensation consultants.

Our human resources and compensation committee consists of Messrs. Bernstein, Ross and Simone, with Mr. Ross serving as chairman. The composition of our human resources and compensation committee meets the requirements for independence under current rules and regulations of the SEC and NASDAQ Global Market. Each member of the human resources and compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code, as amended, or the Code. Our Board of Directors has adopted a written charter for the human resources and compensation committee, which will be available on our website upon the completion of this offering.

Nominating and Governance Committee

Our Board of Directors has established a nominating and governance committee which is responsible for, among other matters: (1) identifying individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors; (2) overseeing the organization of our Board of Directors to discharge the board's duties and responsibilities properly and efficiently; (3) developing and recommending to our Board of Directors a set of corporate governance guidelines and principles; and (4) reviewing and approving related person transactions.

Our nominating and governance committee consists of Messrs. Francescani, Raquet and Simone, with Mr. Francescani serving as chairman. The composition of our nominating and governance committee meets the requirements for independence under current rules and regulations of the SEC and NASDAQ Global Market. Our Board of Directors has adopted a written charter for the nominating and governance committee, which will be available on our website upon the completion of this offering.

Director Compensation

The following table sets forth the total cash and equity compensation paid to our non-employee directors for their service on the Board of Directors and committees of the Board of Directors during fiscal 2012:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)(2)	Total ($)(3)
Jay Bernstein(4)	-	-	617,858	617,858
Darren Davy	-	1,107,420	-	1,107,420
David Francescani(5)	-	-	30,825	30,825
Tom Ross(6)	-	1,107,420	-	1,107,420
Nigel Kneafsey(7)	-	165,860	-	165,860

(1) This column includes the value of stock awards awarded to certain directors during 2012 based upon the grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB Topic 718"). The assumptions used to calculate the valuation of the awards for fiscal 2012 are set forth in Note 2 to the Notes to Liquid Holdings Group Consolidated Financial Statements in this prospectus for the period ended December 31, 2012.

(2) This column includes sales of shares by our founders to certain of our directors at prices below fair value.

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(3) Dennis Suskind and former directors Edward Feigeles and Robert Keller did not receive any compensation for service as a member of the Board of Directors in 2012.
(4) In October 2012, our founders sold to Jay Bernstein 260,501 shares for an aggregate purchase price of $1.5 million. We estimated the fair value of the shares sold at $2,117,858. As a result of this sale below fair value, we recorded share-based compensation expense of $617,858.
(5) In October 2012, our founders sold to David Francescani 34,733 shares for an aggregate purchase price of $250,000. We estimated the fair value of the shares sold at $280,825. As a result of this sale below fair value, we recorded share-based compensation expense of $30,825.
(6) Tom Ross joined the Board of Directors in November 2012.
(7) Former director.

Narrative to Director Compensation Table

We did not pay any compensation to our directors in 2012 other than the stock awards described above. We believe that attracting and retaining qualified non-employee directors will be critical to our future growth. Following this offering, our non-employee directors are expected to receive compensation that is commensurate with the compensation that is offered to directors of companies that are similar to ours. We have not compensated, and do not expect to compensate, directors that are our employees for their service on our Board of Directors. We expect to reimburse our directors for reasonable out-of-pocket expenses that they incur in connection with their service as directors, in accordance with our general expense reimbursement policies.

Stock Awards: On April 25, 2012, we granted 104,107 shares, 104,107 shares and 26,026 shares to Messrs. Davy, Ross and Kneafsey, respectively, in connection with their commitment to serve as directors following completion of our IPO. The awards vested immediately on the grant date. None of our other directors who served in 2012 received an equity grant. None of our directors who served in 2012 had any outstanding equity awards as of December 31, 2012.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our Board of Directors or compensation committee. We are a party to certain transactions with certain of our Directors and Executive Officers. See the section titled “Certain Relationships and Related Party Transactions.”

Code of Business Conduct and Ethics

Our Board of Directors has adopted a code of business conduct and ethics applicable to our employees, directors and officers, in accordance with applicable U.S. federal securities laws and the corporate governance rules of the NASDAQ Global Market. Any waiver of this code may be made only by our Board of Directors and will be promptly disclosed as required by applicable U.S. federal securities laws and the corporate governance rules of the NASDAQ Global Market.

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EXECUTIVE COMPENSATION

We were formed in 2012 and thus did not have any executive officers or pay compensation to any executive officers during fiscal 2011.

2012 Summary Compensation Table

The following table summarizes information regarding the compensation awarded to, earned by or paid to our principal executive officers who served during 2012 and our two most highly compensated executive officers other than our principal executive officers (our named executive officers) during 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings($)	All Other Compensation ($)	Total ($)
Brian Storms Chief Executive Officer[2]	2012	20,833	—	5,731,873	—	—	—	318,397[3]	6,071,103
Brian Ferdinand President[4]	2012	135,833	—	8,598,593	—	—	—	250,000[5]	8,984,426
Richard Schaeffer Executive Chairman[6]	2012	135,833	—	4,760,000	—	—	—	—	4,895,833
Samuel Gaer[7] Former Chief Executive Officer	2012	312,500	—	2,484,274	—	—	—	—	2,796,774

(1) This column includes the value of common units, incentive units and restricted stock units, or RSUs, awarded to our named executive officers during 2012 based upon the grant date fair value, as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“FASB Topic 718”). The assumptions used to calculate the valuation of the awards for fiscal 2012 are set forth in Note 2 to the Notes to Consolidated Financial Statements in this prospectus for the period ended December 31, 2012.

(2) Effective as of the date of this prospectus, Mr. Storms became Chairman of the Board.

(3) In December 2012, our founders sold to Brian Storms 133,578 shares for an aggregate purchase price of $750,000. We estimated the fair value of the shares sold at $1,068,397. As a result of this sale below fair value, we recorded share-based compensation expense of $318,397.

(4) Mr. Ferdinand’s position changed on April 5, 2013 to Vice Chairman and Head of Corporate Strategy.

(5) This represents the amount paid by LTI to Liquid Trading Management, an entity controlled by Mr. Ferdinand, for consulting services including but not limited to securing key personnel and identifying strategic partners.

(6) Mr. Schaeffer’s position changed on April 5, 2013 to non-executive Chairman and, effective as of the date of this prospectus, ceased service as our Chairman but remained as a director.

(7) Mr. Gaer ceased service as our Chief Executive Officer as of December 1, 2012 but remained as an employee of the Company until March 21, 2013.

Employment Agreements

We entered into employment agreements with certain of our executive officers in 2012 and 2013. The terms of these agreements are described below.

Brian Storms. Under his employment agreement as amended and currently in effect, Mr. Storms is serving as our Chief Executive Officer for a two-year term that began on May 15, 2013 which will be automatically renewable for successive one-year terms unless either we or Mr. Storms provides written notice not less than sixty days prior to the expiration of such term. Under this agreement, Mr. Storms will receive a base annual salary of $600,000. In the event that Mr. Storms is terminated by us without cause or terminates his employment with us for good reason, each as defined in the agreement, upon the execution of a general release, he will be entitled to continuation of his base salary and continuation of the other benefits generally provided to other executives for the greater of one year from the date of the termination or the remainder of the initial term of employment.

Mr. Storms’s previous employment agreement with the Company was effective from December 1, 2012 until May 15, 2013. Under the previous employment agreement, he served as our Chief Executive Officer and a member of the Board of Directors and executive committee for a two year initial term of employment that was

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automatically renewable for successive one-year terms unless either party provided written notice not less than sixty days prior to the expiration of any such term. The previous employment agreement provided for an initial base salary of $250,000, that would increase to $500,000 upon the earlier of (a) the completion of our initial public offering and (b) April 1, 2013, eligibility to receive an annual performance bonus and participation in any equity-based compensation plans and benefits as are generally provided to our other executives. Additionally, under the previous employment agreement, Mr. Storms received a grant of RSUs as described below under the heading "Equity Awards—Restricted Stock Units." The previous employment agreement provided that in the event Mr. Storms was terminated due to death or disability, he would be entitled to continuation of his base salary for two months. The previous employment agreement provided that in the event Mr. Storms was terminated by us without cause or he terminated his employment with us for good reason, each as defined in the previous agreement, upon the execution of a general release, he would be entitled to continuation of his base salary and continuation of the other benefits generally provided to other executives for sixty days.

Brian Ferdinand. Mr. Ferdinand's current employment agreement with the Company, effective as of May 15, 2013, provides that he will serve as Vice Chairman and Head of Corporate Strategy and a member of the Board of Directors for the term of the agreement. The employment agreement provides for a two-year initial term that began on May 15, 2013 that is automatically renewable for successive one-year terms unless either party provides written notice not less than sixty days prior to the expiration of such term. The employment agreement provides for an initial base annual salary of $450,000 and a one-time cash bonus upon the completion of our initial public offering that will equal the difference between any salary received from us for the period of time between May 15, 2012 and the date of our initial public offering and an effective annual salary of $500,000 for the period of time between May 15, 2012 and the date of our initial public offering. Mr. Ferdinand is eligible to receive an annual performance bonus and participate in any equity-based compensation plans and benefits as are generally provided to our other executives. The employment agreement also provides for a grant of 341,274 RSUs, one-half of which will vest on May 15, 2014 and one-half of which will vest on May 15, 2014. Mr. Ferdinand will retain unvested RSUs upon his termination of employment, unless he is terminated for cause, as defined in the employment agreement. In the event Mr. Ferdinand is terminated due to death or disability, he will be entitled to continuation of his base salary for two months. In the event Mr. Ferdinand is terminated by us without cause or terminates his employment with us for good reason, each as defined in the agreement, upon the execution of a general release, he will be entitled to continuation of his base salary and continuation of the other benefits generally provided to other executives for the greater of one year from the date of the termination or the remainder of the initial term of employment.

Mr. Ferdinand's previous employment agreement with the Company was effective from December 1, 2012 until May 15, 2013. Under the previous employment agreement, he served as our President and a member of the Board of Directors for a one year term of employment that was automatically renewable for successive one year terms unless either party provided written notice not less than sixty days prior to the expiration of any such term. The previous employment agreement provided for an initial base salary of $250,000 that would increase to $500,000 upon the completion of our initial public offering, eligibility to receive an annual performance bonus and participation in any equity-based compensation plans and benefits as are generally provided to our other executives. Additionally, under the previous employment agreement, Mr. Ferdinand was entitled to a cash bonus upon the completion of our initial public offering equal to the difference between his initial base salary and an effective base salary of $500,000, prorated for the amount of time between May 15, 2012 and the date of our initial public offering. The previous employment agreement provided that in the event Mr. Ferdinand was terminated due to death or disability, he would be entitled to continuation of his base salary for two months. The previous employment agreement provided that in the event Mr. Ferdinand was terminated by us without cause or he terminated his employment with us for good reason, each as defined in the previous agreement, upon the execution of a general release, he would be entitled to continuation of his base salary and continuation of the other benefits generally provided to other executives for six months.

Kenneth Shifrin. We entered into an offer letter with Kenneth Shifrin dated as of August 23, 2012. Pursuant to the terms of the letter, Mr. Shifrin will serve as our Chief Financial Officer and receive an initial base salary of

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$250,000 that will increase to $350,000 upon the completion of our initial public offering. The letter also provided for a one time signing bonus of $50,000. Mr. Shifrin is eligible to participate in any bonus and equity-based compensation programs and receive benefits as are generally provided to our other executives. If Mr. Shifrin's employment is terminated during his first year of employment for reasons other than "for cause" (as defined in the letter), he will receive a cash payment of $150,000. After his first year of employment, he will only be entitled to payments upon a termination in accordance with the severance policies, if any, maintained by the Company.

Robert O'Boyle. We entered into an offer letter with Robert O'Boyle dated as of February 26, 2013. Pursuant to the terms of the letter, Mr. O'Boyle will serve as our Executive Vice President, Director of Sales and Marketing from March 1, 2013 through March 1, 2015 and receive an annual base salary of $350,000. The letter also provides for (i) a one-time cash bonus of $82,000 payable on June 1, 2013 to compensate for payments forfeited from his prior employer; (ii) a guaranteed bonus of $150,000 for Mr. O'Boyle's first full year of employment payable in three equal installments on June 30, 2013, September 30, 2013 and the final installment in accordance with standard year-end bonus payments for employees and (iii) a guaranteed bonus of $100,000 for Mr. O'Boyle's second full year of employment payable in four equal calendar installments provided that the final installment will be paid in accordance with standard year-end bonus payments for employees. Mr. O'Boyle will also be eligible to participate in a variable sales incentive compensation plan but the guaranteed bonus payments described in (ii) and (iii) above will be credited against any payments that become due under the sales incentive compensation plan. Mr. O'Boyle is eligible to participate in the Company's equity incentive program and employee benefit plans available to all officers and employees. Pursuant to the 2012 Amended and Restated Incentive Plan and the Restricted Stock Unit Agreement, Mr. O'Boyle received a grant of RSUs as described below under the heading "Equity Awards—Restricted Stock Units." In the event that Mr. O'Boyle's employment is terminated by the Company other than "for cause" or by Mr. O'Boyle with "good reason" (each as defined in the offer letter) within the first two years of employment, he will receive nine months of base salary and be entitled to accelerated vesting of the next unvested tranche scheduled to vest of any stock options or RSUs then held. In the event of such a termination after the end of the first two years of employment, he will receive one year of base salary. In the event of such a termination at any time during the term of employment resulting from a "change in control" (as defined in the offer letter), all unvested stock options and RSUs will vest. Following the Company's initial public offering, upon the Company reaching a market capitalization of $300 million, Mr. O'Boyle will be entitled to receive an award of immediately vesting RSUs equal to 0.25% of the Company at such time. In addition to the grant of RSUs discussed above, the offer letter provides for the award to Mr. O'Boyle of stock options equal to 0.5% of the Company.

On June 17, 2013, we entered into letter agreement amending Mr. O'Boyle's offer letter. Pursuant to that letter agreement, the award of RSUs following the initial public offering is amended to include a time-based maintenance requirement. Under the amended provision, the RSUs will be granted upon the Company reaching a market capitalization of $300 million or more over a consecutive sixty (60) day period.

Jose Ibietatorremendia. We entered into an offer letter with Jose Ibietatorremendia dated as of March 13, 2013. Pursuant to the terms of the letter, Mr. Ibietatorremendia will serve as our General Counsel and receive an initial base salary of $300,000. The letter also provides for (i) a one-time cash bonus of $30,000 payable on June 1, 2013 to compensate for payments forfeited from his prior employer and (ii) a guaranteed bonus of $100,000 for Mr. Ibietatorremendia's first full year of employment, payable at the end of such first full year. Following the first year of employment, Mr. Ibietatorremendia will be eligible to participate in a variable incentive compensation plan. Mr. Ibietatorremendia is eligible to participate in the Company's equity incentive program and employee benefit plans available to all officers and employees. Pursuant to the 2012 Amended and Restated Incentive Plan and the Restricted Stock Unit Agreement, Mr. Ibietatorremendia received a grant of RSUs as described below under the heading "Equity Awards—Restricted Stock Units." In the event that Mr. Ibietatorremendia's employment is terminated by the Company other than "for cause" or by Mr. Ibietatorremendia with "good reason" (each as defined in the offer letter), he will receive nine months of base salary. In addition, in the event of such a termination within the first two years of employment, he will be entitled

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to accelerated vesting of the next unvested tranche scheduled to vest of any stock options or RSUs then held. In the event of such a termination resulting from a “change in control” (as defined in the offer letter), all unvested stock options and RSUs will vest. In addition to the grant of RSUs discussed above, the offer letter provides for the award to Mr. Ibietatorremendia of stock options equal to 0.25% of the Company.

James Lee. We entered into an offer letter with James Lee dated as of April 9, 2013. Pursuant to the terms of the letter, Mr. Lee will serve as our Chief Administrative Officer and receive an annual base salary of $300,000. Under the letter, Mr. Lee’s initial term of employment will run from May 1, 2013 through April 30, 2015. The letter also provides for a guaranteed $100,000 bonus for Mr. Lee’s first full year of employment, payable in three equal installments. In addition, under the terms of the letter, the Company agreed to award Mr. Lee Company stock options under its 2012 Stock Incentive Plan, with a grant date Black-Scholes value of $500,000. Mr. Lee is eligible to participate in any equity incentive programs and receive benefits as are generally provided to our other officers and employees. If Mr. Lee’s employment is terminated in his first two years of employment for reasons other than “for cause” (as defined in the letter), he will receive a cash payment equal to nine months’ base salary and the Company will accelerate the vesting of the next unvested tranche of any stock options or RSUs granted under the 2012 Incentive Plan that would otherwise vest but for his termination of employment. Should his employment be terminated after the end of his first two years of employment, he will receive a payment equal to one full year’s base salary. Finally, in the event that Mr. Lee experiences an involuntary termination as a result of a change in control (as defined in the letter, which does not include our initial public offering), all unvested outstanding stock options and RSUs that Mr. Lee has been awarded will automatically vest.

Richard Schaeffer. Pursuant to a letter agreement dated June 3, 2013, Mr. Schaeffer’s employment agreement with the Company, as described below, terminated effective as of that date. Pursuant to this letter agreement, the Company will pay Mr. Schaeffer a cash bonus upon the completion of our initial public offering equal to (i) $500,000 times (ii) the number of days between May 15, 2012 and the date of the completion of our initial public offering divided by 365, less (iii) the amounts that Mr. Schaeffer received or receives as an employee of the Company between May 15, 2012 and the date of the initial public offering. This cash bonus is not payable if the initial public offering is not completed by December 1, 2013. In addition, under this letter agreement, the Company will pay Mr. Schaeffer additional amounts to cover the cost of continuing his health care benefits until the earlier of November 30, 2014 and the date that he enrolls in a different group health coverage plan. The Company also entered into a consulting agreement with Mr. Schaeffer effective as of June 3, 2013. Under this consulting agreement, Mr. Schaeffer will provide relationship management and sales and marketing consulting services to the Company for a twelve-month term. The consulting agreement provides for $12,500 per month as compensation for his services. In addition to the fees provided under the June 3, 3013 consulting agreement, Mr. Schaeffer will be entitled to receive any fees for his service as a director of the Company.

Mr. Schaeffer’s former employment agreement with the Company, was effective from December 1, 2012 to June 3, 2013. Under the previous employment agreement, he served as our Executive Chairman and a member of the Board of Directors for a one year initial term of employment that was automatically renewable for successive one year terms unless either party provided written notice not less than sixty days prior to the expiration of any such term. The previous employment agreement provided for an initial base salary of $250,000, that would increase to $500,000 upon the completion of our initial public offering, eligibility to receive an annual performance bonus and participation in any equity-based compensation plans and benefits as are generally provided to our other executives. Additionally, under the previous employment agreement, Mr. Schaeffer was entitled to a cash bonus upon the completion of our initial public offering equal to the difference between his initial base salary and an effective base salary of $500,000 prorated for the amount of time between May 15, 2012 and the date of our initial public offering. The previous employment agreement provided that in the event Mr. Schaeffer was terminated due to death or disability, he or his estate would be entitled to continuation of his base salary for two months. The previous employment agreement provided that in the event Mr. Schaeffer was terminated by us without cause or he terminated his employment with us for good reason, each as defined in the

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agreement, upon the execution of a general release, he would be entitled to continuation of his base salary and continuation of the other benefits generally provided to other executives for six months.

Samuel Gaer. Prior to December 1, 2012, Mr. Gaer was party to an employment agreement with the Company that provided for base salary and the right to receive benefits as are generally provided to other executives. Mr. Gaer's employment as our Chief Executive Officer ceased as of December 1, 2012 but he remained as an employee of the Company after that time. On March 21, 2013 the Company and Mr. Gaer entered into a separation agreement to end Mr. Gaer's employment agreement.

Equity Awards

The terms of the equity grants we have made to our named executive officers are described below. At the time of our reorganization from a Delaware limited liability company into a Delaware corporation, all common units of Liquid Holdings Group, LLC granted to our named executive officers converted into common shares of Liquid Holdings Group, Inc.

Common Units

On April 25, 2012, the Company granted common units to Mr. Ferdinand equal to 0.17% of the outstanding units of the Company immediately after the grant date, after such grant. This award vested immediately on the grant date. On December 10, 2012, the Company granted 356,174 common units to Mr. Ferdinand, equal to 2.0% of the outstanding equity of the Company immediately after the grant date, as a result of the initial confidential submission of a draft registration statement to the SEC in connection with this offering. This award vested immediately on the grant date.

Incentive Unit Awards

We issued incentive unit awards to each of Samuel Gaer, Brian Ferdinand and Richard Schaeffer under our Equity Plan on October 31, 2012, December 18, 2012 and December 10, 2012, respectively. The incentive units were fully vested as of the grant date and were equal to 2% (for Mr. Gaer), 4% (for Mr. Ferdinand) and 3.4% (for Mr. Schaeffer) of the outstanding units of the Company immediately after the grant, in each case after giving effect to such grant. The awards are subject to a profits interest hurdle of $150,000,000 for Mr. Gaer and $160,000,000 for Messrs. Ferdinand and Schaeffer. In connection with the consummation of this offering, Messrs. Schaeffer, Ferdinand and Gaer will be issued up to 626,808, 840,002 and 371,575 shares of common stock, respectively. Pursuant to Mr. Ferdinand's grant, Mr. Ferdinand is entitled to an additional grant of shares of our common stock immediately following the consummation of this offering in order to preclude the dilution of the 4% interest.

Restricted Stock Units

Pursuant to the terms of his employment agreement, we issued to Mr. Storms an award under our Stock Incentive Plan of 760,033 RSUs on December 1, 2012 which was equal to 4% of the outstanding common units of the Company as of the date of the grant, immediately after giving effect to such grant. Approximately one-third of these RSUs vested on January 1, 2013, approximately one-third will vest on December 1, 2013 and approximately one-third will vest on December 1, 2014. Upon termination, Mr. Storms will retain all unvested RSUs unless terminated for cause (as defined in his employment agreement), in which case all unvested RSUs will be forfeited.

Pursuant to the terms of his employment agreement, we issued Mr. O'Boyle an award under our 2012 Amended and Restated Stock Incentive Plan and Restricted Stock Unit Agreement of 45,566 RSUs on March 1, 2013 which was equal to 0.25% of the outstanding common units of the Company as of the date of the grant, immediately after giving effect to such grant. One-third of these RSUs will vest on March 1, 2014, one-third will

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vest on March 1, 2015 and one-third will vest on March 1, 2016. Upon termination, all unvested RSUs will immediately and automatically be terminated and forfeited back to the Company, unless Mr. O'Boyle is terminated without cause, in which case all unvested RSUs scheduled to vest through the end of the year of termination will automatically vest.

Pursuant to the terms of his employment agreement, we issued Mr. Ibietatorremendia an award under our 2012 Amended and Restated Stock Incentive Plan and Restricted Stock Unit Agreement of 46,203 RSUs on March 13, 2013 which was equal to 0.25% of the outstanding common units of the Company as of the date of the grant, immediately after giving effect to such grant. One-third of these RSUs will vest on March 13, 2014, one-third will vest on March 13, 2015 and one-third will vest on March 13, 2016. Upon termination, all unvested RSUs will immediately and automatically be terminated and forfeited back to the Company, unless Mr. Ibietatorremendia is terminated without cause, in which case all unvested RSUs scheduled to vest through the end of the year of termination will automatically vest.

We issued Mr. Shifrin an award under our 2012 Amended and Restated Stock Incentive Plan and Restricted Stock Unit Agreement of 96,288 RSUs on May 3, 2013. One-third of these RSUs will vest on September 18, 2013, one-third will vest on September 18, 2014 and one-third will vest on September 18, 2015. Upon termination, all unvested RSUs will immediately and automatically be terminated and forfeited back to the Company, unless Mr. Shifrin is terminated without cause, in which case all unvested RSUs scheduled to vest through the end of the year of termination will automatically vest.

We issued Mr. Ferdinand an award under our 2012 Amended and Restated Stock Incentive Plan and Restricted Stock Unit Agreement of 341,274 RSUs on May 15, 2013. One-half of these RSUs will vest on May 15, 2014 and one-half will vest on May 15, 2015. Upon termination, Mr. Ferdinand will retain all unvested RSUs, unless Mr. Ferdinand is terminated for cause, in which case all unvested RSUs scheduled to vest through the end of the year of termination will be automatically forfeited.

Options

On May 3, 2013, the human resources and compensation committee determined that upon the consummation of this offering, the following stock options will be granted under the Stock Incentive Plan to Messrs. O'Boyle and Ibietatorremendia, with an exercise price equal to the initial public offering price set forth on the cover page of this prospectus: 91,420 options vesting in three equal annual installments beginning on March 1, 2014 for Mr. O'Boyle and 46,203 options vesting in three equal annual installments beginning on March 13, 2014 for Mr. Ibietatorremendia. Additionally, the human resources and compensation committee determined that upon the consummation of this offering, stock options will be granted under the Stock Incentive Plan to Mr. Lee and two other employees having an aggregate value of $650,000 calculated using the Black-Scholes option pricing model on the date of this offering.

Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides information on the current holdings of equity awards of each named executive officer as of December 31, 2012.

Name	Number of Shares or Units of Stock That Have Not Vested (1)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Brian Storms	760,033	5,731,873

(1) Approximately one-third of Mr. Storms's RSUs vests on January 1, 2013, and the remaining approximately two-thirds will vest equally on December 1, 2013 and on December 1, 2014.

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Equity Incentive Plans

We believe that our ability to grant equity-based awards is a valuable and necessary compensation tool that aligns the long-term interests of our employees and directors with the financial interest of our stockholders. In addition, we believe that our ability to grant options and other equity-based awards helps us to attract, retain and motivate qualified employees. The material terms of our current equity incentive plans are described below.

Amended and Restated 2012 Equity Plan

Our Board of Directors adopted the Equity Plan effective as of April 24, 2012. The Equity Plan will terminate on April 23, 2022, unless sooner terminated pursuant to the terms of the Equity Plan. We intend to terminate the Equity Plan immediately prior to the consummation of this offering.

Types of Awards. The Equity Plan provides for the grant of common units, non-dilutive common units and incentive units in the Company (or its successor), as well as other unit-based awards including, without limitation, rights convertible or exchangeable into units, purchase rights for units, awards with value and payment and/or settlement contingent upon performance of the Company or any other factors designated by the Board and awards valued by reference to the value of units or the value of securities of or the performance of specified subsidiaries, or collectively, the Award Units. The Equity Plan also provides for cash awards as an element of or supplement to any other award under the Equity Plan. Awards may be granted to employees, including officers, and directors and independent contractors.

Shares Subject to the Equity Plan. Subject to adjustment for certain dilutive or related events, the aggregate number of Award Units may not exceed 20% of the total number of common units outstanding on a fully diluted basis as of the date of grant. If, and to the extent, any awards granted under the Equity Plan are terminated, canceled, forfeited, exchanged, or surrendered, the Award Units subject to such award will again be made available for grant under the Equity Plan.

Adjustment Provisions. If any change is made in the number or kind of applicable Award Units outstanding (i) by reason of a split of the applicable Award Units, reclassification, combination, or exchange of the applicable Award Units or similar event; (ii) by reason of a merger, reorganization, or consolidation; or (iii) by reason of any other extraordinary or unusual event affecting the outstanding applicable Award Units as a class without the Company’s receipt of consideration, or if the value of the applicable outstanding Award Units are substantially reduced as a result of a spinoff or the Company’s payment of an extraordinary distribution, the maximum number of applicable Award Units available for awards, the number or percentage of Award Units covered by the applicable outstanding and unvested awards, and the kind of Award Units issued under the Equity Plan may be appropriately adjusted by the Board of Directors to reflect any increase or decrease in the number of, or change in the kind or value of, applicable Award Units to preclude the enlargement or dilution of rights and benefits under such awards.

Administration. Our Board of Directors, or any committee or subcommittee delegated and appointed by the Board of Directors, has the authority to administer the Equity Plan, including the powers to determine: (i) the individuals to receive awards; (ii) the size and terms of awards; (iii) the time when awards will be made; (iv) the duration of any applicable restriction period; and (v) the profits interest hurdle of any incentive unit award. The Board of Directors may also amend the terms of any award and deal with any other matters arising under the Equity Plan.

The Board of Directors has the full power and authority to administer and interpret the Equity Plan, to make factual determinations, and to adopt or amend such rules, regulations, agreements, and instruments for implementing the Equity Plan and for the conduct of its business as it deems necessary or advisable. The Board of Directors’ interpretation of the Equity Plan and all determinations made by the Board of Directors pursuant to the powers vested in it under the Equity Plan are conclusive and binding on all persons having any interest in the Equity Plan or the awards granted thereunder.

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Termination of Employment or Service. Unless otherwise determined by the Board of Directors, if a grantee ceases to be an employee of, or provide service to, the Company or an affiliate for any reason prior to the date on which an award becomes fully vested under the Equity Plan, then any portion of the award not vested will be forfeited and canceled. The Board of Directors may cancel, rescind, suspend, withhold, or otherwise limit or restrict any outstanding award at any time if a participant engages in any conduct that constitutes termination for "cause" (as defined in the Equity Plan), at the Board of Directors' reasonable discretion or as may be set forth in any employment agreement between a participant and the Company.

Repurchase Right. If a grantee ceases to be employed by, or provide service to, the Company or an affiliate, the Company may purchase all or part of any Award Units distributed to the grantee to the extent provided for in the applicable grant agreement or otherwise.

Acceleration of Awards. Unless otherwise determined by the Board of Directors, a participant's non-vested and forfeitable awards will become fully vested and non-forfeitable under a change of control or qualified public offering (as defined in the Equity Plan).

Nontransferability. Only the grantee has rights with respect to awards granted under the Equity Plan and may not transfer those rights except as permitted under the applicable grant agreement and/or our operating agreement.

2012 Amended and Restated Stock Incentive Plan

Our Board of Directors adopted the Stock Incentive Plan on April 5, 2013 and our members approved it on the same date. The Stock Incentive Plan will terminate on April 5, 2023, unless sooner terminated pursuant to the terms of the Stock Incentive Plan.

Types of Awards. The Stock Incentive Plan provides for the grant of incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, or the Code, nonstatutory stock options, stock appreciation rights, RSUs, restricted shares and incentive bonuses. Awards may be granted to employees, including officers, and directors and advisors of the company and its affiliates. Only our employees and those of our affiliates are eligible to receive incentive stock options.

Shares Subject to the Stock Incentive Plan. Subject to adjustment for certain dilutive or related events, following this offering, the aggregate number of shares of our common stock that are available for future issuance pursuant to equity awards under the Stock Incentive Plan is equal to 1,378,949 common shares. Shares subject to an award under the Stock Incentive Plan will again be made available for issuance under the Stock Incentive Plan if such shares are: (i) shares that were subject to a stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right, (ii) shares delivered to or withheld by the Company to pay the exercise price of an option, or (iii) shares delivered to or withheld by the Company to pay the withholding taxes related an award. Shares subject to awards that have terminated, expired or been canceled will not count as shares issued under the Stock Incentive Plan. Shares issued under the Plan may consist of authorized but unissued shares or issued shares reacquired by the Company.

Administration. Our Board of Directors has the authority to administer the Stock Incentive Plan, including the powers to: (i) determine who is eligible for awards under the Stock Incentive Plan, when and how awards will be granted, whether an option will be granted as an incentive stock option or nonqualified stock option, the provisions of each award granted, the vesting conditions of each award, and all other terms, conditions and restrictions applicable to each such award; (ii) approve one or more forms of award agreements; (iii) construe and interpret the Stock Incentive Plan and awards granted thereunder and to establish, amend and revoke rules and regulations for the administration of the Stock Incentive Plan; (iv) amend, modify or otherwise change in any manner the Stock Incentive Plan or an award pursuant to the terms of the Stock Incentive Plan or to suspend or terminate the Stock Incentive Plan in accordance with its terms; and (v) exercise such powers and perform such acts as the Board of Directors deems necessary or expedient to promote the best interest of the Company.

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Our Board of Directors may delegate any or all of its powers under the Stock Incentive Plan to one or more committees or subcommittees of the Board of Directors. Our Board of Directors also may delegate to one or more officers of the Company the power to grant awards and exercise such powers under the Stock Incentive Plan as the Board of Directors may determine.

Stock Options. A stock option may be granted as an incentive stock option or a nonqualified stock option. The option exercise price may not be less than the fair market value of the stock subject to the option on the date the option is granted, unless the option was granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code. Options will not be exercisable after the expiration of ten years from the date of grant. Each award agreement sets for the number of shares subject to each option. The purchase price of any shares acquired pursuant to an option is payable in cash or check or as otherwise determined by the Board of Directors and set forth in the award agreement, including through an irrevocable commitment by a broker to pay over such amount from a sale of the shares issuable under the option, the delivery of previously owned shares or withholding of shares otherwise deliverable upon the exercise of the option. Unless otherwise specified in an award agreement, the shares underlying an option grant will vest in three equal amounts: the first installment will be first exercisable on the one (1) year anniversary of the grant date and each succeeding installment will be first exercisable one (1) year from the date that the immediately preceding installment became exercisable. Any vesting schedule can be accelerated in the discretion of the Board of Directors.

Stock Appreciation Rights. A stock appreciation right, or SAR, is a right that entitles the participant to receive, in cash or shares stock or a combination thereof, as determined by the Board of Directors, value equal to or otherwise based on the excess of (i) the fair market value of a specified number of shares at the time of exercise over (ii) the exercise price of the right, as established by the Board of Directors on the date of grant. Upon exercising a SAR, the participant is entitled to receive the amount by which the fair market value of the stock at the time of exercise exceeds the exercise price of the SAR. The exercise price of each SAR may not be less than the fair market value of the stock subject to the award on the date the SAR is granted, unless the SAR was granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 409A of the Code. SARs will not be exercisable after the expiration of ten years from the date of grant. Each award agreement sets forth the number of shares subject to the SAR. Unless otherwise specified in an award agreement, the shares underlying an SAR grant will vest in three equal amounts: the first installment will be first exercisable on the one (1) year anniversary of the grant date and each succeeding installment will be first exercisable one (1) year from the date that the immediately preceding installment became exercisable. Any vesting schedule can be accelerated in the discretion of the Board of Directors.

Restricted Shares and Restricted Stock Units. Restricted shares are awards of shares, the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment) and terms as the Board of Directors deems appropriate. RSUs are an award denominated in units under which the issuance of shares (or cash payment in lieu thereof) is subject to such conditions (including continued employment) and terms as the Board of Directors deems appropriate.

Incentive Bonuses. Incentive bonuses are awards pursuant to which a participant may become entitled to receive an amount in cash and/or shares, as determined by the Board of Directors, based on terms and conditions established by the Board of Directors. The Board of Directors determines establishes the performance criteria and level of achievement versus such criteria that will determine amounts payable under any incentive bonus.

Termination of Relationship with the Company.

Termination of Employment or Relationship as an Employee, Director or Advisor. In the event that a participant's continuous status as an employee, director or advisor terminates (other than upon the participant's death, disability, or by the Company with or without cause), (i) all unvested awards will immediately and automatically be terminated and forfeited back to the Company, and (ii) the participant may exercise his or her vested options and SARs but only within such period of time ending on the earlier of (A) 90 days after termination or (B) the expiration of the term of the award.

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Termination without Cause. In the event that a participant's continuous status as an employee, director or advisor terminates without cause, (i) all unvested awards scheduled to vest through the end of the year of termination will immediately and automatically vest and the remaining unvested shares subject to any such awards will immediately and automatically be terminated and forfeited back to the Company, and (ii) the participant may exercise his or her vested options or SARs but only within such period of time ending on the earlier of (A) 90 days after termination or (B) the expiration of the term of the award.

Termination for Cause. In the event of a termination for cause, all vested and unvested awards will immediately and automatically be terminated and forfeited back to the Company without payment of any additional consideration.

Disability of Participant. In the event of a participant's termination due to disability, as defined in the Stock Incentive Plan, (i) all unvested awards scheduled to vest through the end of the year of termination will immediately and automatically vest and the remaining unvested shares subject to any such awards will immediately and automatically be terminated and forfeited back to the Company, and (ii) the participant may exercise his or her vested options or SARs but only within such period of time ending on the earlier of (A) 12 months after termination or (B) the expiration of the term of the award.

Death. In the event of a participant's termination due to death, all unvested awards will immediately and automatically vest, and the participant's options and SARs may be exercised by the participant's estate, but only within the period ending on the earlier of (A) 12 months after termination or (B) the expiration of the term of the award.

Nontransferability. Awards are not transferable by the participant otherwise than by will or the laws of descent or distribution, and each option and SAR granted under the Stock Incentive Plan is only exercisable by the participant during his or her lifetime.

Repricing. Except in connection with a change in capitalization, the Board of Directors will not reprice any outstanding options or SARs, including without limitation a repricing by the cancellation of any outstanding options or SARs under the Stock Incentive Plan and the grant in substitution therefore of new options or SARs under the Stock Incentive Plan covering the same or different amount of shares.

Adjustment Provisions. If any change is made in the shares subject to the Stock Incentive Plan, or subject to any award, without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Stock Incentive Plan will be equitably adjusted in the class(es) and maximum number of shares subject to the Stock Incentive Plan, and the outstanding awards will be appropriately adjusted in the class(es) and number of shares and price per share subject to such outstanding awards. Such adjustments shall be made by the Board of Directors, the determination of which will be final, binding and conclusive. (The conversion of any convertible securities of the Company will not be treated as a transaction not involving the receipt of consideration by the Company). If the event(s) described in the preceding sentences occur, all Plan provisions relating to restrictions and lapse of restrictions will apply to such new, additional, or different shares or securities to the extent applicable to the shares with respect to which they were distributed, provided, however, that if the participant receives rights, warrants or fractional interests in respect of any of award, such rights or warrants may be held, exercised, sold or otherwise disposed of, and such fractional interests may be settled, by the participant free and clear of any restrictions set forth.

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PRINCIPAL STOCKHOLDERS

The following tables set forth certain information with respect to the beneficial ownership of our capital stock as of July 25, 2013 by:

- each stockholder known by us to be the beneficial owner of more than 5% of any class of our outstanding voting stock;
- each of our named executive officers;
- each of our directors; and
- all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated in the footnotes below, based on information supplied to us by or on behalf of the stockholders, the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 21,000,012 common shares outstanding as of July 25, 2013. The number of shares of common stock to be outstanding after this offering gives effect to additional issuances of common stock to Messrs. Shaeffer, Ferdinand and Gaer, certain other of our stockholders, and Fundsolve's former equity holders and the Company's purchase of shares from Mr. Storms, pursuant to certain contractual obligations, to occur in connection with the consummation of this offering. See the section titled "Description of Capital Stock—Authorized Capitalization" for more information regarding these issuances of common stock and the section titled "Use of Proceeds" for more information on the purchase of shares from Mr. Storms to occur in connection with the consummation of this offering.

Messrs. Ferdinand and Von Allmen have agreed to purchase an aggregate of $16.2 million of our shares of common stock in this offering at the initial public offering price per share. The shares to be purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares to be purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally in the underwritten offering. The columns under the heading Shares Beneficially Owned After this Offering in the following table reflect such purchases by these existing principal stockholders or their affiliated entities.

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Unless otherwise indicated in the footnotes to the table, the address of each beneficial owner listed in the table below is c/o Liquid Holdings Group, Inc., 800 Third Avenue, 39th Floor, New York, NY 10022.

	Shares Beneficially Owned Prior to this Offering		Shares Beneficially Owned After this Offering	
Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned
Executive Officers and Directors:				
Brian Storms[(1)]	1,119,858	5.33%	1,014,858	4.15%
Brian Ferdinand[(2)]	5,052,663	24.06%	5,275,266	21.57%
Kenneth Shifrin[(3)]	—	—	—	—
Robert O'Boyle[(4)]	—	—	—	—
Jose Ibietatorremendia[(5)]	—	—	—	—
James Lee[(6)]	—	—	—	—
Jay Bernstein[(7)]	444,274	2.12%	444,274	1.82%
Darren Davy	173,667	*	271,920	1.11%
David Francescani	34,733	*	34,733	*
Walter Raquet	—	—	—	—
Thomas Ross[(8)]	316,507	1.51%	316,507	1.29%
Richard Schaeffer[(9)]	2,830,185	13.48%	2,830,185	11.57%
Victor R. Simone, Jr.	59,918	*	59,918	*
Dennis Suskind	47,904	*	47,904	*
Allan Zavarro	18,193	*	18,193	*
All Directors and Executive Officers as a Group	10,097,902	48.11%	10,313,758	42.17%
Other 5% Stockholders:				
Douglas J. Von Allmen[(10)]	2,855,338	13.66%	4,577,438	18.72%
Robert Keller[(11)]	2,258,910	10.76%	2,258,910	9.24%
Samuel Gaer[(12)]	1,239,913	5.96%	1,239,913	5.07%

* Less than 1%.

(1) Mr. Storms holds an additional 506,687 RSUs which are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such additional RSUs are not reflected in the above table. The columns under the heading Shares Beneficially Owned After this Offering give effect to our purchase of 105,000 shares of common stock from Mr. Storms, as described in the section titled "Use of Proceeds."

(2) Consists of (a) 2,953,412 common shares held by Ferdinand Holdings, LLC, a Delaware limited liability company of which Mr. Ferdinand is the managing member, (b) 654,943 common shares held by Ferdinand Trading II, LLC, a Delaware limited liability company of which Mr. Ferdinand is the managing member, (c) 574,783 common shares held by LT World Limited LLC, a Delaware limited liability company of which Mr. Ferdinand is the managing member, (d) 29,523 common shares held by Mr. Ferdinand directly and (e) 840,002 common shares issued pursuant to incentive units with a profits interest hurdle of $160,000,000 issued to Mr. Ferdinand. The columns under the heading Shares Beneficially Owned After this Offering give effect to the conversion of incentive units into common shares and the purchase by Mr. Ferdinand of 80,079 shares of common stock in the direct offering. Additionally, Mr. Ferdinand has been granted 341,274 RSUs which are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such RSUs are not reflected in the above table.

(3) Mr. Shifrin has been granted 96,288 RSUs which are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such RSUs are not reflected in the above table.

(4) Mr. O'Boyle has been granted 45,566 RSUs and options to acquire 91,420 shares of common stock, which RSUs and options are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such RSUs and the shares of common stock underlying the options are not reflected in the above table.

(5) Mr. Ibietatorremendia has been granted 46,203 RSUs and options to acquire 46,203 shares of common stock, which RSUs and options are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such RSUs and the shares of common stock underlying the options are not reflected in the above table.

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(6) Mr. Lee has been granted options to acquire shares of common stock with an aggregate value of $500,000 calculated using the Black-Scholes option pricing model on the date of this offering, which are subject to vesting conditions not expected to occur within 60 days of July 25, 2013. Such options are not reflected in the above table.

(7) Consists of (a) 270,607 common shares held by Mr. Bernstein and (b) 173,667 common shares held by a trust for which Mr. Bernstein's spouse shares voting and investment power. Mr. Bernstein disclaims beneficial ownership of the shares held by the trust.

(8) Consists of (a) 222,743 common shares held by the Thomas R. Ross Irrevocable Trust dated December 20, 2012 and (b) 93,764 common shares held by Mr. Ross.

(9) Consists of (a) 1,545,412 common shares held by SHAF Holdings LLC, a Delaware limited liability company of which Mr. Schaeffer is the managing member, (b) 657,965 common shares held by Schaeffer Holdings LLC, a Delaware limited liability company of which Mr. Schaeffer is the managing member and (c) 626,808 common shares issued pursuant to incentive units with a profits interest hurdle of $160,000,000 issued to Mr. Schaeffer. The columns under the heading Shares Beneficially Owned After this Offering give effect to the conversion of incentive units into common shares.

(10) Consists of (a) 2,550,415 common shares held by D&L Partners, L.P., (b) 202,665 common shares held by Von Allmen Partners, L.P. and (c) 102,258 common shares held by NGNG, Inc. The address of D&L Partners, L.P. is 9 Isla Bahia Drive, Ft. Lauderdale, FL 33316. The address of NGNG, Inc. is 9 Isla Bahia Drive, Ft. Lauderdale, FL 33316. The address of Von Allmen Partners, L.P. is 9 Isla Bahia Drive, Ft. Lauderdale, FL 33316. The columns under the heading Shares Beneficially Owned After this Offering also give effect to the purchase by Mr. Von Allmen of shares of common stock in the underwritten offering.

(11) Consists of (a) 1,603,967 common shares held by CMK Keller Holdings, LLC, a Delaware limited liability company of which Mr. Keller is the sole member and (b) 654,943 common shares held by Ferris Ventures, LLC, a Delaware limited liability company of which Mr. Keller is the managing member.

(12) Consists of (a) 868,338 common shares held by Samuel Gaer and (b) 371,575 common shares issued pursuant to incentive units with a profits interest hurdle of $150,000,000 issued to Mr. Gaer. The columns under the heading Shares Beneficially Owned After this Offering gives effect to the conversion of incentive units into common shares.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements discussed above in the section titled "Executive Compensation," the following is a description of each transaction since our formation on January 17, 2012 and each currently proposed transaction in which:

- we have been a party;
- the amount involved exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

LLC Reorganization

On July 24, 2013, we effected a reorganization pursuant to which each holder of our outstanding common units contributed to us all of the right, title and interest in and to such outstanding common units in exchange for a proportionate number of shares of our common stock. Unless otherwise indicated, or the context otherwise requires, all information in this prospectus is presented giving effect to this reorganization and the related conversion of our common units into shares of our common stock at a ratio of 10,606.81 shares of common stock for each common unit.

Formation Transactions

In order to determine the fair value of our common stock for certain of the transactions described below, our management considered, among other factors, valuation analyses prepared by an unrelated third-party specialist.

Fundsolve. On April 23, 2012, we entered into a share purchase agreement with Darren Davy, one of our directors, and Nicholas Bell, the COO of one of our subsidiaries, pursuant to which we agreed to acquire all of the outstanding shares of Fundsolve from Messrs. Davy and Bell. The acquisition was conditioned upon the successful integration of the Fundsolve and GMA software pursuant to a systems integration agreement, dated February 23, 2012, entered into by Messrs. Davy and Bell, Fundsolve and GMA. The integration was completed on July 31, 2012 and we acquired the shares from Messrs. Davy and Bell on such date. As consideration for our acquisition of Fundsolve, we agreed to issue to Messrs. Davy and Bell upon the closing of this offering, an aggregate number of shares of our common stock equal to 1.0% (including 0.4% and 0.6% of the outstanding shares of our common stock to Messrs. Davy and Bell, respectively) of our outstanding shares of common stock immediately after giving effect to the shares being sold in this offering, including any shares sold pursuant to the exercise of the underwriter's over-allotment option. The approximate aggregate value of the shares of common stock received by Messrs. Davy and Bell in connection with the acquisition will be $2,210,688 (including $884,275 and $1,326,413 to Messrs. Davy and Bell, respectively).

Liquid Prime Holdings LLC. On April 24, 2012, we entered into a contribution agreement with Brian Ferdinand, our Vice Chairman of the Board and Head of Corporate Strategy and one of our founders, pursuant to which Mr. Ferdinand agreed to contribute to us all of the outstanding interests in Liquid Prime Holdings, which owns Liquid Prime Services. The contribution became effective upon receipt of regulatory approval on October 5, 2012.

Liquid Trading Institutional LLP. On April 24, 2012, we entered into contribution agreements with entities controlled by Mr. Ferdinand and Robert Keller, one of our founders and a former member of our Board of Directors, pursuant to which such entities agreed to contribute their membership interests in Liquid Trading Institutional to us. The contributions became effective upon receipt of regulatory approval in July 2012.

Liquid Futures, LLC. On April 24, 2012, we entered into contribution agreements with entities controlled by Richard Schaeffer, one of our founders and a member of our Board of Directors, and Mr. Ferdinand, pursuant to which such entities agreed to contribute their membership interests in Liquid Futures to us. The contribution became effective upon receipt of regulatory approval in May 2012.

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As consideration for the contributions of Liquid Prime Holdings, Liquid Trading Institutional and Liquid Futures, we issued 3,714,450, 3,280,645 and 2,984,229 common shares, to the entities controlled by Messrs. Ferdinand, Keller and Schaeffer, respectively. The approximate aggregate value of the interests received by the entities controlled by Messrs. Ferdinand, Keller and Schaeffer in connection with these contributions, based on values estimated by our management with consideration given to valuation analysis performed by an unrelated third party specialist, was $123,446,000 (including $45,949,000, $40,582,000 and $36,915,000 to entities controlled by Messrs. Ferdinand, Keller and Schaeffer, respectively).

Tragara Alpha Partners. On April 27, 2012, we entered into a contribution agreement with Tragara Alpha Partners owned by Samuel Gaer, our former CEO and a former member of our Board of Directors, pursuant to which we acquired certain intellectual property assets forming a component of our trading technology platform, including an algorithmic trading program. As consideration for this contribution, we issued 868,338 common shares to Mr. Gaer. The approximate value of the common stock received by Mr. Gaer in the acquisition, based on values estimated by our management with consideration given to valuation analysis performed by an unrelated third party specialist, was $6,183,000.

This acquisition was accounted for in accordance with ASC Subtopic 845-10-S99 – *Nonmonetary Transactions – SEC Staff Guidance*. This guidance provides that nonmonetary assets exchanged by a shareholder or promoter for part of a company's common stock just prior to a first-time public offering should be recorded at the transferor's historical cost basis as determined under U.S. GAAP. The development of the intellectual property was not performed in connection with any existing entity, but rather was developed over time by the sole shareholder of Tragara. No record keeping was maintained to support the historical cost basis of the intellectual property and, as a result, the Company recorded no basis for this nonmonetary asset when exchanged for 5% of the Company's common stock.

Liquid Partners, LLC. Liquid Partners, LLC was originally formed as Centurion South, LLC, a Florida limited liability company, on May 11, 2010 by Joseph Gamberale and D&L Partners, LP (controlled by Douglas J. Von Allmen, a holder of more than 10% of our common stock). Centurion South, LLC changed its name to Centurion Capital Group, LLC on July 25, 2011, and changed its name to Liquid Partners, LLC and converted to a Delaware limited liability company on March 1, 2012. On September 15, 2011, Edward Feigeles and John Allen became members of Liquid Partners pursuant to the amended operating agreement. The ownership interests of the members under the amended operating agreement were as follows: 37.5% held by Mr. Gamberale; 37.5% held by D&L Partners, L.P.; 15% held by Mr. Feigeles; and 10% held by Mr. Allen.

On December 30, 2011, Liquid Trading Holdings Limited, a company incorporated under the laws of Guernsey with LTIH, LLC (controlled by Mr. Ferdinand) as its sole member, acquired Liquid Partners for a maximum purchase price of $13,600,000 pursuant to a membership unit purchase agreement entered into with the members of Liquid Partners. The members of Liquid Partners received $1,000 in cash and were to be paid the remainder of the purchase price in shares of Liquid Trading Holdings Limited or another holding company to be formed upon the earlier to occur of (i) the initial public offering of Liquid Trading Holdings Limited or such other holding company and (ii) January 1, 2014. On May 11, 2012, Liquid Trading Holdings Limited contributed its equity interests in Liquid Partners and its obligations under the membership interest purchase agreement to us. D&L Partners, L.P. assigned its rights under the membership interest purchase agreement to the Douglas J. Von Allmen Trust dated April 25, 1989. On July 21, 2012, we entered into an amendment to the membership unit purchase agreement, pursuant to which we issued to the former members of Liquid Partners 951,432 common shares in proportion to their ownership interest in Liquid Partners (including 356,787 common shares to an entity controlled by Mr. Von Allmen and 142,714 common shares to Mr. Feigeles, a former member of our Board of Directors). The approximate aggregate value of the interests received by the former members of Liquid Partners in this transaction, based on values estimated by our management with consideration given to valuation analysis performed by an unrelated third party specialist, was $12,439,000 (including $4,665,000 to an entity controlled by Mr. Von Allmen and $1,866,000 to Mr. Feigeles).

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LiquidView. On July 30, 2012, we entered into an assignment agreement with Ferdinand Trading, LLC, Brian Ferdinand, Ferris Ventures, LLC, and Robert Keller, pursuant to which we acquired the LiquidView platform, our accounting and management technology. As consideration for our acquisition, we made payments of $1,000,000 and $500,000 to entities controlled by Messrs. Ferdinand and Keller, respectively.

Green Mountain Analytics, LLC. On August 27, 2012, we acquired GMA pursuant to a contribution and exchange agreement entered into with the members of GMA, including entities controlled by Messrs. Ferdinand and Keller. Pursuant to this exchange transaction, we issued to the members of GMA 2,038,857 common shares (including 654,943 common shares each to entities controlled by Messrs. Ferdinand and Keller, respectively). The approximate aggregate value of the interests received by the members of GMA in the exchange transaction, based on values estimated by our management with consideration given to valuation analysis performed by an unrelated third party specialist, was $19,973,000 (including $6,411,000 and $6,411,000 to entities controlled by Messrs. Ferdinand and Keller, respectively).

LTI, LLC. We acquired LTI on September 30, 2012, pursuant to a contribution and exchange agreement with LTI's equity holders, including Mr. Feigeles, and QuantX (formerly Liquid Trading Int'l LLP), an entity with which Messrs. Ferdinand, Schaeffer and Keller are affiliated. Pursuant to the contribution agreement, each of the members transferred to us all of the outstanding interest in LTI held by them. As consideration for these contributions, we issued to the members of LTI 495,821 common shares (including 174,995 common shares to Mr. Feigeles). The approximate aggregate value of the interests received by the former members of LTI in this transaction, based on values estimated by our management with consideration given to valuation analysis performed by an unrelated third party specialist, was $5,079,000 (including $1,792,000 to Mr. Feigeles). We did not issue any common stock to QuantX in connection with its contribution.

Other Transactions

Investment by Douglas J. Von Allmen. In July 2012, we entered into a subscription agreement with HA Investment III, an entity controlled by Mr. Von Allmen, pursuant to which we issued 1,239,986 common shares for a purchase price of $12.5 million. This investment was made pursuant to a term sheet that we and HA Investment III signed in April 2012. Prior to December 25, 2012, we issued an additional 242,020 common shares to Mr. Von Allmen pursuant to the terms of the subscription agreement, which required additional shares to be issued to Mr. Von Allmen in the event this offering was not consummated on or before October 24, 2012. On April 5, 2013, we issued an additional 720,498 common shares to an entity controlled by Mr. Von Allmen pursuant to a subscription agreement into which we entered with him on that date. On May 14, 2013, an entity controlled by Mr. Keller; Mr. Storms and three employees transferred a total of 104,431 shares to an entity controlled by Mr. Von Allmen pursuant to share transfer agreements. On May 15, 2013, an entity controlled by Mr. Schaeffer sold 191,616 shares to an entity controlled by Mr. Von Allmen pursuant to a share transfer agreement.

Legal Representation. We retain the law firm of Fish & Richardson, of which David Francescani, one of our directors, is a principal, to perform legal services from time to time. We have paid Fish & Richardson $36,545 and $14,101 for legal services rendered during 2012 and 2013, respectively, and currently have an unpaid balance of $41,964.

Transactions among Liquid Holdings Group, LTI, LLC, Liquid Futures and Liquid Prime Services, Inc. LTI was an entity formed for the purpose of capitalizing the Company's predecessor companies. Brian Ferdinand, or entities he controlled, and Liquid Holdings Group provided an aggregate of $4,263,000 in order to capitalize Liquid Futures and Liquid Prime Services. The capital was funded initially to or by Mr. Ferdinand or entities he controlled and Mr. Ferdinand directed those allocations to Liquid Futures or Liquid Prime. Shortly thereafter, Liquid Prime, Liquid Futures and LTI were all consolidated into Liquid Holdings Group.

From the period beginning November 9, 2011 through March 28, 2012, Mr. Ferdinand funded an aggregate of $1,425,000 on behalf of LTI, all of which was put into Liquid Futures.

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From the period beginning October 27, 2011 through May 21, 2012, Mr. Ferdinand advanced $133,000 to Liquid Prime Holdings, LLC for the acquisition of Liquid Prime and an aggregate of $2,705,000 to Liquid Prime for the entity to meet its regulatory capital requirements and working capital needs.

In April 2012 each of Liquid Prime Holdings LLC, which owns Liquid Prime Services, Inc., and Liquid Futures was contributed to Liquid Holdings Group, LLC subject to regulatory approval, which regulatory approval was received on October 5, 2012 and May 9, 2012, respectively. On September 30, 2012, LTI was contributed to Liquid Holdings Group, LLC in exchange for 495,821 common shares at the time of such issuance, such that the owners of LTI received an indirect interest in each of Liquid Futures and Liquid Prime. See the sections titled "—Formation Transactions" and "Prospectus Summary—Our Formation Transactions" above.

Transactions with QuantX. An entity controlled by Messrs. Ferdinand and Keller and an entity controlled by Mr. Schaeffer hold a 36.675% and 10% interest, respectively, in QuantX. QuantX, which is not a part of and is not consolidated under Liquid Holdings Group, operates as a principal-only trading firm domiciled in the United Kingdom trading solely for its own account. QuantX is a customer of our technology platform, which it then markets to its own members, thereby providing us with a source of customer referrals. During the three months ended March 31, 2013, a total of $466,053 in software revenues were recognized by us from QuantX.

In June 2012, we loaned QuantX $5,000,000 pursuant to a promissory note payable upon demand, but in any event no later than May 31, 2013, for the purpose of providing QuantX the necessary funds to test our technology platform with Credit Suisse AG. This note bears interest at a rate of 3.0% per annum. As of December 31, 2012, the outstanding principle balance was $2,250,000, which was repaid in two payments with the first payment of $95,000 on January 18, 2013 and the final payment of $2,155,000 on February 22, 2013.

Transaction between LTI, LLC and Liquid Trading Management LLC. On January 2, 2012, LTI, LLC entered into an agreement with Liquid Trading Management LLC, or LTM, an entity controlled by Mr. Ferdinand, for consultation services. During the period ended September 30, 2012 the Company paid $250,000 to LTM.

Transactions with Directors. Between April 2012 and the date of this prospectus, we and/or certain of our founders sold common stock to certain of our directors at prices below fair value; as such we have recorded these sales as share-based payments. The transactions that occurred in 2012 are disclosed in the section titled "Management—Director Compensation." As this section does not report 2013 compensation, we have described below the sale of shares in which the difference between the purchase price and the fair value of the shares is in excess of $120,000. We note that this information will be reported as director compensation for 2013.

On January 15, 2013, SHAF Holdings, LLC, of which Mr. Schaeffer is the managing member, sold to our director Tom Ross a 0.5% ownership interest for an aggregate purchase price of $375,000. We estimated the fair value of the shares sold at $702,622. As a result of this sale below fair value, we recorded a 2013 share-based compensation expense of $327,622.

On May 10, 2013, CMK Keller Holdings, LLC, of which our former director Mr. Keller is the managing member, transferred to Mr. Ferdinand 191,616 shares for no monetary consideration. We estimated the fair value of the shares transferred at $1,445,000. As a result of this transfer below fair value, we will record a share-based compensation expense in the second quarter of 2013.

On May 14, 2013, CMK Keller Holdings, LLC sold Mr. Storms 766,466 shares for $5,000,000. We estimated the fair value of the shares sold at $5,780,000. As a result of this sale below fair value, we will record a 2013 share-based compensation expense in the second quarter of 2013.

On June 20, 2013, CMK Keller Holdings, LLC, of which our former director Mr. Keller is the managing member, transferred to LT World Limited LLC, an entity controlled by Mr. Ferdinand, 191,558 shares for no monetary consideration. We estimated the fair value of the shares transferred at $1,445,000. As a result of this transfer below fair value, we will record a share-based compensation expense in the second quarter of 2013.

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On June 3, 2013, we entered into a consulting agreement with Mr. Schaeffer, one of our founders and a member of our Board of Directors, pursuant to which Mr. Schaeffer will provide relationship management and sales and marketing consulting services to the Company for a twelve-month term. The consulting agreement provides for $12,500 per month as compensation for his services. In addition to the fees provided under the June 3, 3013 consulting agreement, Mr. Schaeffer will be entitled to receive any fees for his service as a director of the Company.

On June 13, 2013, Mr. Schaeffer loaned us $250,000 to be payable in full on December 13, 2013. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or December 13, 2013, after which time any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan.

On July 1, 2013, Ferdinand Holdings, LLC loaned us $250,000 to be payable in full on December 31, 2013. The loan bears interest on the unpaid balance at a rate of 4% per annum until the earlier of payment in full or December 31, 2013, after which any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $251,000 of the net proceeds of this offering to repay in full the amount outstanding under this loan.

On July 11, 2013, Mr. Ross loaned us $250,000 to be payable in full on January 10, 2014. The loan bears interest on the unpaid principal balance at a rate of 4% per annum until the earlier of payment in full or January 10, 2014, after which any amount of unpaid principal or interest will bear interest at a rate of 6% per annum. We expect to use approximately $250,400 of the net proceeds of this offering to repay in full the amount outstanding under this loan.

We intend to purchase 105,000 shares of our common stock from Mr. Storms, our CEO and Chairman of the Board, at a price of $8.415 per share in connection with the consummation of this offering. Such purchase will be subject to, and conditioned upon, the completion of this offering. In connection with the closing of this offering, we expect to use $883,575 of the net proceeds of the offering to purchase these shares from Mr. Storms. The price per share to be paid by us in respect of these shares is equal to the public offering price per share to be received by us in this offering, less an amount equal to the underwriting discount payable per share to the underwriter in this offering.

Transaction with David Solimine. On May 1, 2013, entities controlled by Messrs. Ferdinand, Keller, Schaeffer and David Solimine entered into an agreement to transfer Mr. Solimine 2.75% of our common shares outstanding as of the date of the agreement. Pursuant to an anti-dilution provision to maintain Mr. Solimine's 2.75% ownership interest in the Company, that agreement provides that Messrs. Ferdinand, Keller and Schaeffer may owe Mr. Solimine common shares if we issue additional shares during the period beginning May 1, 2013 and ending on the earliest of immediately prior to the consummation of this offering and January 1, 2015. We have agreed that if any of Messrs. Ferdinand, Keller and Schaeffer do not deliver those shares, the Company will be obligated to issue anti-dilution shares to Mr. Solimine.

Bonus to Robert Keller. On May 1, 2013, we entered into a letter agreement with Mr. Keller ending his employment as senior managing director with the Company. Pursuant to that agreement, we have agreed that if this offering is consummated prior to December 1, 2014, we will pay Mr. Keller a cash bonus equal to the difference between (i) $275,000 times the number of days between May 15, 2012 and the date of the consummation of this offering divided by 365 and (ii) $75,000.

Transaction with Solomon Yakoby. On June 24, 2013, entities controlled by Messrs. Ferdinand, Schaeffer and Solomon Yakoby entered into an agreement to transfer to Mr. Yakoby 67,035 common shares.

Participation in Offering. Brian Ferdinand, one of our founders, and Douglas Von Allmen, a beneficial owner of more than 10% of our common stock, have agreed to purchase an aggregate of $16.2 million of shares of

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our common stock in this offering at the initial public offering price per share. The shares purchased by Mr. Ferdinand will be purchased from us directly at $9 per share, and not from the underwriter, and no underwriting discount will be payable by us or by Mr. Ferdinand on such shares. We will, however, pay a fee on such shares to the underwriter, which fee will be in the same amount as the underwriting discount. The shares purchased by Mr. Ferdinand will reduce the aggregate number of shares offered to investors generally in the underwritten offering.

Registration Rights

Prior to the closing of this offering, we will enter into a registration rights agreement with certain of our existing stockholders pursuant to which we will grant them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of our common stock (and other securities convertible into or exchangeable or exercisable for shares of our common stock) otherwise held by them. Shares registered under any such registration statement will be available for sale in the open market unless restrictions apply. See the section titled “Description of Capital Stock—Registration Rights.”

Director Indemnification

Our bylaws permit us to indemnify our directors to the fullest extent permitted by law, subject to limited exceptions.

Review, Approval or Ratification of Transactions with Related Persons

Prior to completion of this offering, our Board of Directors intends to adopt a written related person transaction policy, to be effective upon the closing of this offering, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships in which we were or are to be a participant, where the amount involved exceeds $100,000 and a related person had or will have a direct or indirect interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our nominating and governance committee will be tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

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DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our certificate of incorporation and bylaws that will be in effect upon completion of this offering. We refer you to our certificate of incorporation and bylaws, copies of which have been filed as exhibits to the registration statement of which this prospectus forms a part.

Authorized Capitalization

Upon completion of this offering, the authorized capital stock of Liquid Holdings Group, Inc. will consist of 200,000,000 shares of common stock, $0.0001 par value per share, of which 24,458,168 shares will be issued and outstanding and 10,000,000 shares of preferred stock, $0.0001 par value per share, of which no shares will be issued and outstanding. The number of shares of common stock to be outstanding after this offering presented above and, unless otherwise expressly indicated or the context otherwise requires, elsewhere in this prospectus, gives effect to the following in connection with the consummation of this offering:

- the issuance of 626,808 shares, 840,002 shares, and 371,575 shares of common stock to Messrs. Schaeffer, Ferdinand and Gaer, respectively, pursuant to the incentive units they held;
- the issuance of 142,524 additional shares of common stock to Mr. Ferdinand pursuant to the anti-dilution terms of the incentive units granted to him on December 18, 2012, representing 4% of the aggregate issued and outstanding units of the Company as of the date of the grant, after giving effect to such grant, which specify that Mr. Ferdinand is entitled to an additional grant of common equity interests immediately following the consummation of this offering in order to preclude the dilution of the 4% grant;
- the issuance of 245,632 shares of common stock to Fundsolve's former equity holders pursuant to our share purchase agreement in respect of our acquisition of Fundsolve, equivalent to 1% of the number of our common shares to be outstanding upon completion of this offering; and
- the purchase of 105,000 shares of common stock from Brian Storms, our Chairman of the Board and Chief Executive Officer, as described in the section titled "Use of Proceeds."

Common Stock

Holders of shares of our common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders and do not have cumulative voting rights.

Holders of shares of our common stock are entitled to ratably receive dividends when and if declared by our Board of Directors out of funds legally available therefor, subject to any statutory or contractual prohibitions or other restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our dissolution, liquidation or winding up, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Holders of shares of our common stock do not have preferences or preemptive, subscription, redemption or conversion rights.

Preferred Stock

Our Board of Directors has the authority, without further stockholder authorization, to issue from time to time shares of preferred stock in one or more series and to fix the number of shares, designation, voting powers (if any) and the preferences and relative participating, optional or other special rights, if any, and any

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qualifications, limitations or restrictions of each series. The preferred stock, if issued, would have priority over the common stock with respect to dividends and/or distribution of our assets upon liquidation. Although we have no present plans to issue any shares of preferred stock, the issuance of shares of preferred stock, or the issuance of rights to purchase such shares, could decrease the amount of assets available for distribution to the holders of common stock, could adversely affect the rights and powers, including voting rights, of the common stock and could have the effect of delaying, deterring or preventing a change in control of us or an unsolicited acquisition proposal.

Registration Rights

In connection with the closing of this offering, we will enter into a registration rights agreement with certain of our existing stockholders pursuant to which we will grant them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act approximately 17,907,714 shares of our common stock held by them as of the date of the registration rights agreement or any shares thereafter acquired. Such securities registered under any registration statement will be available for sale in the open market unless restrictions apply.

In any registration made pursuant to such registration rights agreement, all fees, costs, and expenses of underwritten registrations will be borne by us and all selling expenses, including estimated underwriting discounts and selling commissions, will be borne by the holders of the shares being registered. The registration rights under the registration rights agreement described below will remain in effect until an individual holder is able to sell all of its registrable shares without restriction pursuant to Rule 144 under the Securities Act during any three month period.

Demand Registration Rights

After the completion of this offering, existing shareholders who are party to the registration rights agreement will be entitled to certain demand registration rights. At any time following the six month anniversary after the effective date of this registration statement on Form S-1, the holders of at least 10% of these shares or of a number of shares with an aggregate value of at least $20 million can request that we register all or a portion of their shares. If our Board of Directors determines for any reason that such registration would not be advisable, we have the right to defer such registration, not more than twice in any period of 365 consecutive days, for a period of up to 90 days.

Piggyback Registration Rights

After the completion of this offering, in the event that we propose to register the offer and sale of any of our securities under the Securities Act, either for our own account or for the account of other security holders, our existing shareholders who are party to the registration rights agreement will be entitled to certain “piggyback” registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act with respect to our common stock, other than with respect to registration related to employee benefit plans on Form S-8 and corporate reorganizations or other transactions to be registered on Form S-4, the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares in the registration.

Forum

Our certification of incorporation provides that, subject to certain exceptions, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or

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our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws or (iv) any other action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have received notice of and consented to the foregoing provision. The enforceability of similar choice of forum provisions in other companies' charters has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

Anti-takeover Effects of the Certificate of Incorporation and Bylaws

Certain provisions of our certificate of incorporation and our bylaws could have anti-takeover effects. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our corporate policies formulated by our Board of Directors. In addition, these provisions also are intended to ensure that our Board of Directors will have sufficient time to fulfill its fiduciary duties to us and our stockholders. These provisions also are designed to reduce our vulnerability to an unsolicited proposal for our takeover that does not contemplate the acquisition of all of our outstanding shares or an unsolicited proposal for the restructuring or sale of all or part of us. The provisions are also intended to discourage certain tactics that may be used in proxy fights. However, these provisions could delay or frustrate the removal of incumbent directors or the assumption of control of us by the holder of a large block of common stock, and could also discourage or make more difficult a merger, tender offer, or proxy contest, even if such event would be favorable to the interest of our stockholders.

Staggered Board. Upon completion of this offering, we will have a "staggered" Board of Directors consisting of three classes of directors. Directors of each class will be elected for three-year terms upon the expiration of their current terms and each year one class of our directors will be elected by our stockholders. The terms of the first, second and third classes will expire in 2014, 2015 and 2016, respectively. We believe that classification of our Board of Directors will help to assure the continuity and stability of our business strategies and policies as determined by our Board of Directors.

Removal of Directors; Vacancies. Our directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of not less than 66$^2/_3$% of the outstanding voting power of the issued and outstanding stock entitled to vote generally in the election of directors. In addition, our certification of incorporation and bylaws provide that any vacancies on our Board of Directors will be filled only by the affirmative vote of a majority of the remaining directors, although less than a quorum.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless an entity's certificate of incorporation provides otherwise. Our certificate of incorporation will not provide for cumulative voting.

Authorized but Unissued Shares; Undesignated Preferred Stock. The authorized but unissued shares of our common stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, acquisitions and employee benefit plans. In addition, our Board of Directors may authorize, without stockholder approval, undesignated preferred stock with voting rights or other rights or preferences designated from time to time by our Board of Directors. The existence of authorized but unissued shares of common stock or preferred stock may enable our Board of Directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Stockholder Action by Written Consent. The DGCL permits stockholder action by written consent unless otherwise provided by a corporation's certificate of incorporation. Our certificate of incorporation precludes stockholder action by written consent.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our bylaws provide that stockholders seeking to nominate candidates for election as directors or to bring business before an annual or special

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meeting of stockholders must provide timely notice of their proposal in writing to the corporate secretary. This provision may have the effect of precluding the consideration of certain business at a meeting of stockholders if the proper notice is not provided and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Calling of Special Meetings of Stockholders. Our certificate of incorporation and bylaws preclude our stockholders from calling special meetings of stockholders or requiring the Board of Directors or any officer to call such a meeting or from proposing business at such a meeting. Our certificate of incorporation and bylaws provide that only the Board of Directors, the Chairman of the Board, the Vice Chairman of the Board or the Chief Executive Officer can call a special meeting of stockholders. Because our stockholders do not have the right to call a special meeting, a stockholder cannot require stockholder consideration of a proposal by calling a special meeting of stockholders prior to the time the Board of Directors, the Chairman of the Board, the Vice Chairman of the Board or the Chief Executive Officer believes the matter should be considered or until the next annual meeting if the requestor then meets the notice requirements. The restriction on the ability of stockholders to call a special meeting means that a proposal to replace board members also can be delayed until the next annual meeting.

Amendments; Vote Requirements. The DGCL provides generally that, except as expressly provided in the certificate of incorporation, the affirmative vote of a majority of the outstanding shares of stock entitled to vote is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage. Our certificate of incorporation provides that our certificate of incorporation and bylaws may be amended only by the affirmative vote of holders of at least 66$^2/_3$% of the outstanding voting power of the issued and outstanding stock entitled to vote thereon.

In addition, our certificate of incorporation grants our Board of Directors the authority to amend and repeal our bylaws without a stockholder vote in any manner not inconsistent with the laws of the State of Delaware or our certificate of incorporation.

Section 203 of the DGCL

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that such stockholder became an interested stockholder, with the following exceptions:

- prior to such date, the Board of Directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested holder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; and
- at or subsequent to such time the business combination is approved by the Board of Directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 $^2/_3$% of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;

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- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges, or other financial benefits by or through the corporation.

In general, Section 203 of the DGCL defines an interested stockholder as any person beneficially owning 15% or more of the outstanding voting stock of the corporation.

Transfer Agent and Registrar

Upon completion of the offering, the transfer agent and registrar for our common stock will be Continental Stock Transfer & Trust Company.

Listing

Our common stock has been approved for listing on the NASDAQ Global Market under the symbol "LIQD."

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SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that issuances or sales of shares of our common stock, or the availability of shares of our common stock for issuance or sale, will have on our stock price prevailing from time to time. Future issuances or sales of our common stock, or the availability of such shares for issuance or sale, could adversely affect our stock price prevailing from time to time and our ability to raise equity capital in the future.

Following the completion of this offering, we will have 24,458,168 outstanding shares of our common stock (or 24,922,406 shares, if the underwriter exercises its over-allotment option in full). Of the outstanding shares, all of the 3,175,000 shares sold in this offering by us will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by an "affiliate" (as that term is defined in Rule 144 promulgated under the Securities Act) of us, including, without limitation, any shares purchased by Mr. Ferdinand in the direct offering, may only be sold in compliance with the limitations described below.

All shares of our common stock held by our existing stockholders are "restricted securities" as defined in Rule 144. These restricted securities were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. These shares may be sold in the public market only if registered or pursuant to an exemption from registration, such as Rule 144 or Rule 701 under the Securities Act. Of these shares, we expect that 8,194,151 shares will be available for public sale under Rule 144 without limitation upon the expiration of the 180-day lock-up period pursuant to the lock-up agreements entered into by these stockholders with the underwriter, assuming we are in compliance with the current public information requirements of Rule 144. We expect that the remaining 14,891,196 of these shares will be available for public sale pursuant to Rule 144 upon expiration of the lock-up period subject to volume limitations, manner of sale restrictions and other limitations applicable to sales of our securities by affiliates of us.

In addition, in connection with the completion of this offering we will enter into a registration rights agreement with certain of our existing stockholders that will require us to register for sale under the Securities Act their shares of our common stock under certain circumstances. See the sections titled "—Registration Rights" and "Description of Capital Stock—Registration Rights." As of the completion of this offering, holders of 17,907,714 shares, or approximately 73.2%, of our common stock after giving effect to this offering, will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register the offer and sale of all shares of common stock that we may issue under our equity compensation plans. In addition, upon the consummation of this offering, we will issue 142,524 shares of our common stock to Brian Ferdinand and 245,632 shares to the former owners of Fundsolve. All of these shares will be subject to 180-day lock-up periods pursuant to lock-up agreements entered into by these stockholders with the underwriter and 240,777 of these shares will also be subject to volume limitations, manner of sale restrictions and other limitations applicable to sales of our securities by affiliates of us.

Registration Rights

In connection with the closing of this offering, we will enter into a registration rights agreement with certain of our existing stockholders pursuant to which we will grant them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of our common stock otherwise held by them. Shares registered under any such registration statement will be available for sale in the open market unless restrictions apply. See the section titled "Description of Capital Stock—Registration Rights."

Lock-Up Agreements

We, our directors and executive officers and all of our stockholders have entered into lock-up agreements not to offer or sell any shares of common stock or securities convertible into or exchangeable or exercisable for

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common stock, for a period of 180 days from the date of this prospectus, subject to certain exceptions and extensions, without the prior written consent of Sandler O'Neill & Partners, L.P. Sandler O'Neill & Partners, L.P. may, in its sole discretion, at any time and without notice, waive any of the terms of the lock-up. Following the lock-up period, our directors and officers and locked-up stockholders will not be eligible to sell their shares in the public market without registration under the Securities Act unless these sales meet the conditions and restrictions of Rules 144 or 701 as described below or another exception from registration under the Securities Act is available. As restrictions on resale end, our stock price could drop significantly if the holders of these restricted shares sell them or are perceived by the market as intending to sell them. See the section titled "Underwriting."

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to our compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the other requirements of Rule 144.

In general, under Rule 144 as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up periods described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 244,582 shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with public information, holding period, volume limitation or notice requirements. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Registration Statement on Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act to register shares of common stock available for issuance pursuant to our equity compensation plans. Shares issued pursuant to these plans after the effective date of such registration statement will be available for sale in the open market and, for our affiliates, subject to the conditions and restrictions of Rule 144. Such registration statement is expected to be filed and become effective as soon as practicable after the date of this prospectus. Accordingly, shares registered under such registration statement will be available for sale in the open market following its effective date, subject to the lock-up agreements described above to the extent applicable.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences applicable to non-U.S. holders (as defined below) with respect to the acquisition, ownership and disposition of shares of our common stock, but does not purport to be a complete analysis of all potential tax considerations related thereto. This summary is based on current provisions of the Internal Revenue Code of 1986, as amended, or Code, final, temporary and proposed Treasury regulations promulgated thereunder, administrative rulings and judicial opinions, all of which are subject to change, possibly with retroactive effect. We have not sought any ruling from the U.S. Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary is limited to non-U.S. holders who purchase shares of our common stock issued pursuant to this offering and who hold such shares of our common stock as capital assets (within the meaning of Section 1221 of the Code). This discussion does not address all aspects of U.S. federal income taxation that may be important to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances, nor does it address any aspects of U.S. federal estate or gift tax laws or tax considerations arising under the laws of any non-U.S., state or local jurisdiction.

This discussion also does not address tax considerations applicable to a non-U.S. holder subject to special treatment under the U.S. federal income tax laws, including without limitation:

- banks, insurance companies or other financial institutions;
- partnerships or other pass-through entities;
- tax-exempt organizations;
- tax-qualified retirement plans;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- controlled foreign corporations;
- passive foreign investment companies;
- persons that own, or have owned, actually or constructively, more than 5% of our common stock; and
- persons that will hold common stock as a position in a hedging transaction, "straddle" or "conversion transaction" for tax purposes.

Accordingly, we urge prospective investors to consult with their own tax advisors regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of shares of our common stock.

If a partnership (or other entity or arrangement classified as a partnership for U.S. federal income tax purposes) is a beneficial owner of shares of our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Any partner in a partnership holding shares of our common stock (and such partnership) should consult their own tax advisors.

PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR

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SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF SHARES OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Definition of Non-U.S. Holder

In general, a "non-U.S. holder" is any beneficial owner of shares of our common stock (other than a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not a U.S. person. A "U.S. person" is any of the following:

- an individual citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia (or other entity treated as such for U.S. federal income tax purposes);
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

Distributions on Our Common Stock

As described in the section titled "Dividend Policy," we currently do not anticipate paying dividends on shares of our common stock in the foreseeable future. If, however, we make cash or other property distributions on shares of our common stock (other than certain pro rata distributions of shares of our common stock), such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current earnings and profits for that taxable year or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a non-U.S. holder's adjusted tax basis in the shares of our common stock, but not below zero. Any excess will be treated as gain realized on the sale or other disposition of shares of our common stock and will be treated as described under the section titled "—Gain on Sale or Other Disposition of Shares of Our Common Stock" below.

Dividends paid to a non-U.S. holder of shares of our common stock will generally be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends, or such lower rate specified by an applicable income tax treaty. To receive the benefit of a reduced treaty rate, a non-U.S. holder must furnish to us or our paying agent a valid IRS Form W-8BEN (or other applicable form) certifying, under penalties of perjury, such non-U.S. holder's qualification for the reduced rate. This certification must be provided to us or our paying agent prior to the payment of dividends and must be updated periodically.

If a non-U.S. holder holds shares of our common stock in connection with the conduct of a trade or business in the United States, and dividends paid on shares of our common stock are effectively connected with such non-U.S. holder's U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States), the non-U.S. holder will be exempt from the aforementioned U.S. federal withholding tax. To claim the exemption, the non-U.S. holder must furnish to us or our paying agent a properly executed IRS Form W-8ECI (or applicable successor form).

Such effectively connected dividends will generally be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such non-U.S. holder were a resident of the United States. A non-U.S. holder that is a non-U.S. corporation also may be subject to an

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additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of a portion of its effectively connected earnings and profits for the taxable year. Non-U.S. holders should consult any applicable income tax treaties that may provide for different rules. A non-U.S. holder that claims exemption from withholding or the benefit of an applicable income tax treaty will generally be required to satisfy applicable certification and other requirements prior to the distribution date. Non-U.S. holders that do not timely provide us or our paying agent with the required certification may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty or applicability of other exemptions from withholding.

Gain on Sale or Other Disposition of Shares of Our Common Stock

Subject to the discussion below regarding backup withholding, a non-U.S. holder will generally not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of shares of our common stock, unless:

- the gain is effectively connected with a trade or business carried on by the non-U.S. holder in the United States and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment of the non-U.S. holder maintained in the United States;
- the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of disposition and certain other requirements are met; or
- we are or have been a U.S. real property holding corporation, or a USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition and the non-U.S. holder's holding period for the shares of our common stock, and our common stock has ceased to be traded on an established securities market prior to the beginning of the calendar year in which the sale or other disposition occurs. The determination of whether we are a USRPHC depends on the fair market value of our U.S. real property interests relative to the fair market value of our other trade or business assets and our foreign real property interests.

We believe we currently are not, and we do not anticipate becoming, a USRPHC for U.S. federal income tax purposes.

Gain described in the first bullet point above will be subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates generally in the same manner as if such non-U.S. holder were a resident of the United States. A non-U.S. holder that is a non-U.S. corporation also may be subject to an additional branch profits tax equal to 30% (or such lower rate specified by an applicable income tax treaty) of a portion of its effectively connected earnings and profits for the taxable year. Non-U.S. holders should consult any applicable income tax treaties that may provide for different rules.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate specified by an applicable income tax treaty) but may be offset by U.S. source capital losses (even though the individual is not considered a resident of the United States), provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses. Non-U.S. holders should consult any applicable income tax treaties that may provide for different rules.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS and to each non-U.S. holder the amount of dividends paid to, and the tax withheld with respect to, each non-U.S. holder. This information also may be made available under a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established. Backup withholding generally will not apply to distributions to a non-U.S. holder of shares of our

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common stock provided the non-U.S. holder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN or IRS Form W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Legislation Relating to Foreign Accounts

Recently enacted legislation may impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under such rules, and certain other non-U.S. entities. The legislation imposes a 30% withholding tax on dividends on, or gross proceeds from the sale or other disposition of, shares of our common stock paid to a foreign financial institution unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, the legislation imposes a 30% withholding tax on the same types of payments to a foreign non-financial entity unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. These rules are generally expected to apply to payments of dividends made after June 30, 2014, and to gross proceeds from the sale or other disposition of shares of our common stock after December 31, 2016. Prospective investors should consult their tax advisors regarding this legislation.

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UNDERWRITING

We are offering the 3,094,921 shares of our common stock described in this prospectus that are not being purchased by Mr. Ferdinand in the direct offering in an underwritten offering in which Sandler O'Neill & Partners, L.P., or the underwriter, is acting as sole underwriter. We will enter into an underwriting agreement with the underwriter with respect to the shares of common stock being offered in the underwritten offering. Subject to the terms and conditions contained in the underwriting agreement, the underwriter has agreed to purchase all of the shares of common stock being offered by this prospectus in the underwritten offering. In addition, the 80,079 shares purchased by Mr. Ferdinand will be purchased directly from us in a direct offering.

The underwriting agreement provides that the underwriter's obligation to purchase shares of our common stock in the underwritten offering depends on the satisfaction of the conditions contained in the underwriting agreement, including:

- the representations and warranties made by us are true and all of our agreements have been performed;
- there is no material adverse change in the financial markets or in our business; and
- we deliver customary closing documents.

Subject to these conditions, the underwriter is committed to purchase and pay for all shares of our common stock offered by this prospectus in the underwritten offering, if any such shares are taken. However, the underwriter is not obligated to take or pay for the shares of our common stock covered by the underwriter's over-allotment option described below, unless and until such option is exercised. The underwriter has advised us that the underwriter does not intend to make sales to discretionary accounts.

Over-Allotment Option

We have granted the underwriter an option, exercisable no later than 30 days after the date of the underwriting agreement, to purchase up to an aggregate of 464,238 additional shares of common stock at the public offering price, less the underwriting discount set forth on the cover page of this prospectus. We will be obligated to sell these shares to the underwriter to the extent the over-allotment option is exercised. The underwriter may exercise this option only to cover over-allotments, if any, made in connection with the sale of the shares of our common stock offered by this prospectus.

Commissions and Expenses

The underwriter proposes to offer the shares of our common stock in the underwritten offering directly to the public at the offering price set forth on the cover page of this prospectus and to dealers at the public offering price less a concession not in excess of $0.36 per share. After the public offering of the shares of our common stock, the underwriter may change the offering price, concessions and other selling terms.

The following table shows the per share and total underwriting discount that we will pay to the underwriter. These amounts are shown assuming both no exercise and full exercise of the underwriter's over-allotment option to purchase additional shares of our common stock from us in the underwritten offering.

	Per Share	Total Without Over-Allotment Exercise	Total With Over-Allotment Exercise
Public offering price	$ 9.00	$28,575,000	$32,753,142
Underwriting discount[(1)]	$ 0.585	$ 1,857,375	$ 2,128,954

(1) Includes a fee in the same amount as the underwriting discount payable by us to the underwriter in connection with the purchase of shares by Mr. Ferdinand in the direct offering.